

*This document is important and requires your immediate attention. If you have questions, please contact Laurel Hill Advisory Group, FAM Real Estate Investment Trust's information agent, by telephone at 1 (877) 452-7184 (Toll Free in North America) or (416) 304-0211 (Collect Outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).*



## **FAM Real Estate Investment Trust**

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS  
TO BE HELD ON DECEMBER 5, 2014  
AND  
INFORMATION CIRCULAR**

October 30, 2014

## NOTICE OF SPECIAL MEETING OF UNITHOLDERS

**NOTICE IS HEREBY GIVEN** that a Special Meeting (the “**Meeting**”) of the holders of trust units and special voting units (collectively, “**Unitholders**”) of FAM Real Estate Investment Trust (the “**REIT**”) will be held at Blake, Cassels & Graydon LLP, Suite 4000, Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1A9 on December 5, 2014 at 10:00 a.m. (Toronto time) for the following purposes:

- (a) to consider and, if deemed advisable, to pass a resolution (the “**Acquisition Resolution**”) approving:
  - (i) the indirect acquisition (the “**Acquisition**”), through FAM Management Limited Partnership (“**FAM LP**”) or a newly-formed limited partnership that is affiliated with and controlled by the REIT (the “**New Partnership**”, and the partnership that is the purchaser under the Acquisition, the “**Acquisition Partnership**”), by the REIT of a portfolio of seven office properties (the “**Acquisition Properties**”) from Slate GTA Suburban Office Inc. or one of its affiliates (collectively, “**Slate GTA**”), an affiliate of Slate Properties Inc. (Slate Properties Inc. and its affiliates, collectively referred to as “**Slate**”), for an aggregate purchase price (the “**Purchase Price**”) of approximately \$190.0 million to be satisfied by a combination of:
    - (A) approximately \$144.0 million in cash, which the REIT expects to fund with the proceeds of new mortgage debt to be incurred on the Acquisition Properties; and
    - (B) the delivery by the Acquisition Partnership to Slate GTA or its designee of approximately 2,794,363 trust units of the REIT (“**Units**”) and the issuance by the Acquisition Partnership of 2,316,748 Class B limited partnership units (“**Class B LP Units**”) of the Acquisition Partnership, each of which is economically equivalent to and exchangeable for a Unit, at a deemed issue price of \$9.00 per Unit or Class B LP Unit, and, with respect to the Class B LP Units to be issued, the delivery of accompanying 2,316,748 special voting units of the REIT (which provide holders thereof with voting rights in respect of the REIT) (“**Special Voting Units**”) ((A) and (B), collectively, the “**Consideration**”); and
  - (ii) if the New Partnership is the Acquisition Partnership, certain consequential amendments to the Declaration of Trust of the REIT as may be required in order to effect the completion of the Acquisition on the terms set out in this Circular and in the Acquisition Agreement, such amendments to consist of changes to certain defined terms to reflect the creation of the Acquisition Partnership, the issuance of the Class B LP Units of the Acquisition Partnership and accompanying Special Voting Units and amendment of the Exchange Agreement (as defined herein) to allow such Class B LP Units to be exchanged for Units; and
- (b) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The accompanying Circular provides additional information relating to proxies and the matters to be dealt with at the Meeting and forms part of this Notice.

The Acquisition may constitute a “related party transaction” pursuant to Multilateral Instrument 61-101– *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) and, accordingly, a special committee of the Board (the “Special Committee”) has negotiated, reviewed and considered the terms and conditions of the Acquisition. Slate Capital Corp., an affiliate of Slate GTA, may be considered a “related party” of the REIT by virtue of its agreement to acquire all of the issued and outstanding shares of Huntingdon Capital Corp. (“Huntingdon”), a significant Unitholder and the manager of the REIT, by plan of arrangement transaction (the “Huntingdon Transaction”). Should the Huntingdon Transaction close, Slate will, among other things, effectively assume Huntingdon’s obligations as the REIT’s manager and become the indirect owner of all Units, Class B LP Units of FAM LP (which are economically equivalent to and

exchangeable for Units) and Special Voting Units held by Huntingdon. The Acquisition is conditional upon, among other things, completion of the Huntingdon Transaction, and the Acquisition Resolution being approved by the affirmative vote of a majority of Unitholders present in person or represented by proxy at the Meeting (excluding votes cast by or on behalf of Huntingdon, Slate or their respective affiliates as determined pursuant to MI 61-101) and the REIT (directly or through the Acquisition Partnership) receiving acceptable third party financing to pay the cash portion of the Consideration.

The Special Committee has unanimously recommended to the Board that they recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting. The Trustees (other than Mr. Zachary R. George who recused himself) unanimously recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting.

The Board has fixed November 7, 2014 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

Whether or not you expect to attend the Meeting, please exercise your right to vote. Unitholders who have voted by proxy may still attend the Meeting.

Registered Unitholders should complete, sign, date and return the enclosed form of proxy to the REIT's transfer agent, Computershare Trust Company of Canada, in the envelope provided or otherwise, by mail or hand delivery to Computershare Trust Company of Canada ("**Computershare**"), 8th Floor, 100 University Avenue, Toronto ON, M5J 2Y1, fax number 1 (888) 453-0330. Alternatively, a Registered Unitholder may submit their vote by fax, telephone or over the internet. Non-registered Unitholders who hold shares through a bank, broker or other financial intermediary should carefully follow the instructions found on their voting instruction form. In order to be effective, proxies must be received not later than 5:00 p.m. (Toronto time) on December 3, 2014 or, if the Meeting is adjourned or postponed, the second last business day preceding the day of any adjournment or postponement thereof. The time limit for deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion without notice.

If you have any questions or require more information with regard to voting your Units, please contact the Information Agent (as defined in the Circular) using the information provided on the back cover of the Circular.

Dated at Toronto, Ontario, this 30<sup>th</sup> day of October, 2014.

**BY ORDER OF THE BOARD OF TRUSTEES**

(signed) *Gary Samuel*  
*Trustee*

## INFORMATION CIRCULAR

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## MEANING OF CERTAIN REFERENCES

Certain terms used in this Circular are defined under “Glossary”. References to dollars or “\$” are to Canadian currency. Unless the context otherwise requires, all references in this Circular to the “REIT” refer to the REIT and its Subsidiary entities, including FAM LP and the Acquisition Partnership, on a consolidated basis.

References to the “Special Committee” in this Circular include the persons acting in the capacity of members of the Special Committee of the REIT. Any statements in this Circular made by or on behalf of the Special Committee are made in such persons’ capacities as Independent Trustees of the REIT and not in their personal capacities.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the REIT’s financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the REIT’s current expectations and plans relating to the future and readers are cautioned such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the REIT or the real estate industry and may include statements regarding: the REIT’s financial position; business strategy; budgets; litigation; projected costs; capital expenditures; financial results; occupancy levels; average monthly rent; taxes; the REIT’s intention with respect to, and ability to execute, its internal and external growth strategies; the REIT’s distribution policy and the distributions to be paid to holders of Units; the distributions to be paid to holders of Class B LP Units; the REIT’s debt strategy; plans and policies regarding capital expenditures; the REIT’s payout ratio; and the ability of the REIT to qualify as a “mutual fund trust”, as defined in the Tax Act, and as a “real estate investment trust”, as defined in the SIFT Rules. In some cases, forward-looking information can be identified by such terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect” “plan” “anticipate” “believe” “intend” “seek” “aim” “estimate” “target” “goal” “project” “predict” “forecast”, “potential”, “continue”, “likely”, “schedule”, or the negative thereof or other similar expressions concerning matters are not historical facts. Some of the specific forward-looking statements in this Circular include, but are not limited to, those statements identified under “Forward-Looking Statements” in the MD&A and statements with respect to the following:

- the expected timing and completion of the Acquisition;
- the effect of the Acquisition on the financial performance of the REIT;
- the New Mortgages and the terms thereof, including the availability of the New Mortgages in order to pay the cash portion of the Consideration for the Acquisition;
- the REIT’s ability to enter into acceptable financing arrangements should the New Mortgages be unavailable in order to pay the cash portion of the Consideration for the Acquisition;
- the REIT’s capital expenditure requirements for the Acquisition Properties and the expected capital expenditures to be made on the Acquisition Properties by the REIT;
- the REIT’s intention to focus its strategy to concentrate on acquiring, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with office properties in Canada and the effect of such focus;
- the REIT’s ability to dispose of its retail and industrial properties at attractive prices and on other attractive terms, if at all;
- the expected timing and completion of the Huntingdon Transaction;
- the intention of the REIT to pay stable and growing distributions;

- the REIT's expectation that the Acquisition will be accretive to the REIT's AFFO per Unit;
- the REIT's expected relationship and arrangements with Slate;
- Slate's expected interest in the REIT;
- the REIT's expected and target operating leverage ratios;
- the REIT's payout ratio;
- the ability of the REIT to execute its growth strategies;
- the expected timing and completion of the Incore Transfer; and
- the REIT's organizational structure.

Forward-looking statements necessarily involve known and unknown risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the REIT's control, affect the operations, performance and results of the REIT and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: risks related to the REIT and its business, including the risks discussed in "Risk Factors" in this Circular, including risks related to the Acquisition (possible failure to complete the Acquisition, possible failure to obtain New Mortgages or other alternative forms of financings, possible failure to realize expected returns on the Acquisition, use of property valuation, fairness opinion and historical financial information), risks related to the REIT's relationship with Huntingdon and Slate (upon completion of the Huntingdon Transaction and the Acquisition) and the risks discussed in the REIT's materials filed with Canadian securities regulatory authorities from time to time, including, "Risk Factors" in the AIF and risks disclosed in "Risks and Uncertainties" in the REIT's most recent MD&A. The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including the REIT's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the Canadian economy will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain stable; conditions within the office real estate market, including competition for acquisitions, will be consistent with the current climate; the Canadian capital markets will provide the REIT with access to equity and/or debt at reasonable rates when required; and that the risks referenced above, collectively, will not have a material impact on the REIT. While the REIT considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect. See "Risk Factors" herein, "Risk Factors" in the AIF and "Risks and Uncertainties" in the REIT's most recent MD&A.

**The forward-looking statements made in this Circular relate only to events or information as of the date on which the statements are made. Except as required by applicable law, the REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.**

#### **NON-IFRS MEASURES**

Certain terms used or incorporated by reference in this Circular such as "FFO", "AFFO", "NOI", Gross Book Value, Indebtedness to Gross Book Value and Indebtedness are not measures defined under IFRS, do not have standardized meanings prescribed by IFRS and should not be compared to or construed as alternatives to profit/loss,

cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. FFO, AFFO, NOI, Indebtedness to Gross Book Value ratio, Gross Book Value and Indebtedness as computed by the REIT may not be comparable to similar measures as reported by other reporting issuers in similar or different industries.

Funds from operations (“**FFO**”) is a supplemental non-IFRS financial measure for evaluating operating performance widely used in the Canadian real estate industry. The REIT calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada. Specifically, the REIT calculates FFO as net income in accordance with IFRS adjusted for most non-cash expenses including amortization of capitalized leasing expenses, gains and losses on dispositions of investment properties, fair value adjustments to investment properties, fair value adjustments to Class B LP units and Warrants, and distributions on Class B LP units. The REIT believes FFO is an important measure of operating performance of the REIT.

Adjusted funds from operations (“**AFFO**”) is a supplemental non-IFRS financial measure that is used in the real estate industry to assess the sustainability of future cash distributions. AFFO is indicative of available cash flow after capital expenditures and leasing costs including leasing commissions, tenant improvements and inducements. AFFO is defined by the REIT as FFO adjusted for the amortization of deferred transaction costs, accretion of debt, fair value adjustments to interest rate swaps, the interest rate and capital expenditure subsidies, straight-line rent, and deducts capitalized leasing costs and capital expenditures.

Net operating income (“**NOI**”) is a supplemental non-IFRS financial measure that is not defined under IFRS. NOI is defined as revenue from investment properties less property operating expenses. The REIT considers NOI to be an appropriate supplemental performance measure as it reflects the operating performance of the real estate portfolio.

Indebtedness to Gross Book Value ratio is a compliance measure in the Declaration of Trust and establishes the limit for financial leverage of the REIT. Indebtedness to Gross Book Value ratio is presented in this Circular because the REIT considers this non-IFRS measure to be an important measure of the REIT’s financial position.

Gross Book Value is defined in the Declaration of Trust and is a measure of the value of the REIT’s assets. Gross Book Value is presented in this Circular because the REIT considers this non-IFRS measure to be an important measure of the REIT’s asset base and financial position.

Indebtedness is defined in the Declaration of Trust and is a measure of the amount of debt financing utilized by the REIT. Indebtedness is presented in this Circular because the REIT considers this non-IFRS measure to be an important measure of the REIT’s financial position.

Reconciliations of the REIT’s net (loss)/income and comprehensive (loss)/income calculated in accordance with IFRS to FFO and then to AFFO, and of the REIT’s revenue from investment properties to NOI, are provided in the MD&A of the REIT for the three and six months ended June 30, 2014.

## **GLOSSARY**

The following terms used in this Circular have the meanings set out below:

“**1 Eva Road**” means the Acquisition Property located at 1 Eva Road, Toronto, Ontario.

“**1700 Ellice**” means the REIT’s office property located at 1700 Ellice Ave., Winnipeg, Manitoba.

“**2285 Speakman Drive**” means the Acquisition Property located at 2285 Speakman Drive, Mississauga, Ontario.

“**2599 Speakman Drive**” means the Acquisition Property located at 2599 Speakman Drive, Mississauga, Ontario.

“**4211 Yonge**” means the REIT’s urban office building property municipally known as 4211 Yonge Street, Toronto, Ontario.



**“Acquisition”** means the indirect acquisition by the REIT of the Acquisition Properties pursuant to the terms of the Acquisition Agreement.

**“Acquisition Agreement”** means the agreement of purchase and sale among Slate GTA, FAM LP and Slate Capital dated October 29, 2014, pursuant to which the REIT will indirectly acquire the Acquisition Properties as described under “The Acquisition”.

**“Acquisition Closing Date”** means the date upon which the REIT completes the Acquisition, which is expected to occur in the fourth quarter of 2014.

**“Acquisition Outside Date”** means January 15, 2015.

**“Acquisition Partnership”** means the purchaser of the Acquisition Properties, being either FAM LP or the New Partnership.

**“Acquisition Properties”** means, collectively, the seven office properties which consist of approximately 1.1 million square feet of GLA located in attractive submarkets within the Greater Toronto Area of Ontario to be indirectly acquired by the REIT pursuant to the Acquisition Agreement as described under “Special Business – The Acquisition”.

**“Acquisition Resolution”** means the resolution to be voted on by the Unitholders for the indirect acquisition by the REIT of the Acquisition Properties pursuant to the terms of the Acquisition Agreement.

**“Affiliate”** means any person that would be deemed to be an affiliated entity of such person within the meaning of National Instrument 45-106 – Prospectus and Registration Exemptions.

**“AFFO”** means adjusted funds from operations.

**“AIF”** means the REIT’s annual information form for the year ended December 31, 2013.

**“Altus Group”** means Altus Group Limited, the appraiser that prepared the Independent Appraisals for each of the Acquisition Properties.

**“Amended Management Agreement”** means the amended and restated Management Agreement dated August 12, 2014 between Huntingdon Capital Corp. and the REIT, pursuant to which Huntingdon provides asset management, advisory and administrative services to the REIT and its Subsidiaries that will become effective upon the completion of the Huntingdon Transaction.

**“Board”** or **“Board of Trustees”** means the board of trustees of the REIT.

**“Canadian Uniform Standards”** means the Canadian Uniform Standards of Professional Appraisal Practice effective April 1, 2014 of the Appraisal Institute of Canada.

**“CDS”** means CDS Clearing and Depository Services Inc.

**“CEO”** means the chief executive officer of the REIT.

**“Centennial Centre Complex”** means the Acquisition Property located at 5395 – 5409 Eglinton Avenue West, Toronto, Ontario.

**“CFO”** means the chief financial officer of the REIT.

**“Circular”** means this information circular of the REIT dated October 30, 2014.

**“Class A LP Units”** means the Class A limited partnership units in the capital of FAM LP, the New Partnership or the Partnerships, as the context requires.

**“Class B LP Units”** means the Class B limited partnership units in the capital of FAM LP, the New Partnership or the Partnerships, as the context requires.

**“Computershare”** means the REIT’s transfer agent, Computershare Trust Company of Canada.

**“Consideration”** means (i) approximately \$144.0 million in cash, which the REIT expects to fund with the proceeds received by the REIT pursuant to the New Mortgages and (ii) the issuance or delivery, as applicable, to Slate GTA or its designee of approximately (A) 2,794,363 Units and 2,316,748 Class B LP Units, which are economically equivalent to and exchangeable for Units, each such unit to be issued at a price of \$9.00 per unit, and (B) the accompanying 2,316,748 Special Voting Units (which will provide the holder thereof with voting rights in respect of the REIT).

**“Credit Facility”** means the \$17.0 million revolving credit facility of the REIT with a Canadian chartered bank.

**“Current Market Price”** means the volume-weighted average trading price of the Units on the TSX (if the Units are then listed on the TSX) for the 20 consecutive trading days ending on the fifth trading day preceding the date of the applicable event.

**“Cushman”** means Cushman & Wakefield Ltd., the appraiser that prepared the Prior Appraisals for each of the Acquisition Properties.

**“Declaration of Trust”** means the amended and restated declaration of trust of the REIT dated as of December 27, 2012, as it may be further amended, supplemented or amended and restated from time to time.

**“Engagement Agreement”** means the engagement agreement dated as of March 24, 2014, between TD Securities Inc. and the REIT.

**“Environmental Site Reconnaissance Letters”** means the environmental peer reviews and site reconnaissance letters dated October 1, 2014 prepared by the Independent Property Consultant in respect of each of the Acquisition Properties other than the Woodbine Complex, for the purpose of providing the REIT with a summary of any changes of environmental significance at each such Acquisition Properties since the Phase I ESA Reports.

**“Exchange Agreement”** means the exchange agreement dated as of December 28, 2012, among REIT, FAM LP and Huntingdon.

**“Exchange Right”** means the mechanics by which a holder of Class B LP Units may require the REIT to exchange each Class B LP Unit for one Unit.

**“Excluded Parties”** means votes attached to Voting Units beneficially owned or over which control or direction is exercised by Huntingdon, Slate or their respective Affiliates.

**“Fairness Opinion”** means the opinion of TD Securities that the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT.

**“FAM LP”** means FAM Management Limited Partnership, a subsidiary of the REIT.

**“FAM LP Limited Partnership Agreement”** means the amended and restated limited partnership agreement of FAM LP dated December 28, 2012 between, *inter alia*, FAM GPCo Inc., the REIT and Huntingdon.

**“FFO”** means funds from operations.

**“GAAP”** means Canadian generally accepted accounting principles determined with reference to the Handbook of the Canadian Institute of Chartered Accountants, as amended from time to time. Except as otherwise specified, all accounting terms used in this Declaration of Trust shall be construed in accordance with GAAP.

**“GLA”** means gross leasable area, measured in square feet.

**“GP Units”** means the general partnership units in the capital of FAM LP, the New Partnership or the Partnerships, as the context requires.

**“Greystone”** means Greystone Managed Investments Inc.

**“Gross Book Value”** means, at any time, the book value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated statement of financial position, plus accumulated depreciation and amortization in respect of the REIT’s properties (and related intangible assets) shown thereon or in the notes thereto, less (i) the amount of any restricted cash; and (ii) the amount of future income tax liability arising out of the fair value adjustment in respect of the indirect acquisition of certain properties; provided, however, if approved by a majority of the Trustees of the REIT, the appraised value of the assets of the REIT and its consolidated subsidiaries may be used instead of book value.

**“GTA”** means the Greater Toronto Area of Ontario.

**“Huntingdon”** means Huntingdon Capital Corp., a company incorporated under the laws of British Columbia, being the manager of the REIT, and any reference to Huntingdon in the context of ownership of Units or Class B LP Units means, collectively, Huntingdon and/or certain or all of the other affiliates of Huntingdon that currently own Units or Class B LP Units of FAM LP.

**“Huntingdon Strategic Review”** means the Huntingdon strategic review process announced February 19, 2014.

**“Huntingdon Transaction”** means Slate Capital’s proposed acquisition of all of the issued and outstanding shares and warrants of Huntingdon by plan of arrangement transaction pursuant to an arrangement agreement between Slate Capital and Huntingdon dated as of August 12, 2014.

**“IFRS”** means International Financial Reporting Standards, as issued by the International Accounting Standards Board and as adopted by the Chartered Professional Accountants Canada, as amended from time to time.

**“Incore”** means Incore Equities Inc. or an affiliate thereof.

**“Incore Transfer”** means (i) the transfer by Slate of the 2,794,363 Units issued to it by the REIT pursuant to the Acquisition to Incore or (ii) at the direction of Slate, the issuance and delivery of the 2,794,363 Units to be issued by the REIT pursuant to the Acquisition directly to Incore as the designee of Slate GTA, effectively in satisfaction of certain rights of Incore relating to, among other things, the Acquisition Properties.

**“Indebtedness”** means (without duplication) on a consolidated basis:

- (i) any obligation of the REIT for borrowed money (excluding any premium in respect of indebtedness assumed by the REIT for which the REIT has the benefit of an interest rate subsidy, but only to the extent an amount receivable has been excluded in the calculation of Gross Book Value with respect to such interest rate subsidy);
- (ii) any obligation of the REIT incurred in connection with the acquisition of property, assets or business other than the amount of future income tax liability arising out of indirect acquisitions;
- (iii) any obligation of the REIT issued or assumed as the deferred purchase price of property;
- (iv) any capital lease obligation of the REIT; and

- (v) any obligation of the type referred to in clauses (i) through (iv) of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible for or liable;

provided that (A) for the purposes of (i) through (iv), an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with GAAP; (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Trust Unitholders and accrued liabilities arising in the ordinary course of business; and (C) exchangeable units issued by subsidiaries of the Trust shall not constitute indebtedness notwithstanding the classification of such securities as debt under GAAP.

**“Independent Appraisals”** means the appraisals of the Acquisition Properties conducted by Altus Group dated effective September 1, 2014, as confirmed by Altus Group as of October 27, 2014 pursuant to a letter from Altus Group to the Special Committee dated October 27, 2014.

**“Independent Property Consultant”** means Pinchin Ltd., the independent consultant that prepared the Environmental Site Reconnaissance Letters, the Updated Phase I ESA Report, the Phase II ESA Report and the Property Condition Site Assessments.

**“Independent Trustee”** means a Trustee who, in relation to the REIT, is “independent” within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

**“Information Agent”** means The Laurel Hill Advisory Group Company.

**“Initial Properties”** means the portfolio of 27 income-producing office, industrial and retail properties located in Alberta, Manitoba, Saskatchewan, Ontario and the Northwest Territories that were acquired by the REIT in connection with its Initial Public Offering.

**“Initial Public Offering”** means the REIT’s initial public offering of Units which closed on December 28, 2012.

**“Initial Term”** means the Management Agreement’s initial term of 10 years.

**“Interested Parties”** has the meaning ascribed thereto under “Background and Recommendations – Fairness Opinion”.

**“Intermediary”** has the meaning ascribed thereto in “General Information Regarding the Meeting – Non-Registered Unitholders”.

**“Loss of Key Men”** means when both of Messrs. Blair Welch and Brady Welch, the founding partners of Slate, are no longer associated with Slate.

**“Management Agreement”** means the asset management agreement dated December 28, 2012 between Huntingdon Capital Corp. and the REIT, pursuant to which Huntingdon provides asset management, advisory and administrative services to the REIT and its Subsidiaries.

**“Manager”** means the party providing asset management, advisory and administrative services to the REIT and its Subsidiaries.

**“MD&A”** means management’s discussion and analysis.

**“Meadowpine Corporate Centre”** means the Acquisition Property located at 2400, 2410, 2420 and 2430 Meadowpine Boulevard, Mississauga, Ontario.

**“Meeting”** means the special meeting of Unitholders of record as of November 7, 2014 for the purpose of, among other things, approving the Acquisition, expected to be held on December 5, 2014. See “The Acquisition – Transaction Approvals – Unitholder Approval”.

“**Meeting Materials**” means collectively, the Notice, the Circular and the form of proxy.

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“**Minority Unitholders**” means Unitholders other than: (i) Huntingdon; (ii) Slate; (iii) any other party that is an “interested party” in respect of the Acquisition; (iv) any party that is a “related party” of (i), (ii) or (iii); and (v) any other party that is a “joint actor” with any of (i), (ii), (iii) or (iv) in respect of the Acquisition, as determined pursuant to MI 61-101 and subject to the exceptions noted therein.

“**New Mortgages**” means those mortgages on the Acquisition Properties to be entered into by the REIT pursuant to the New Mortgages Term Sheet as described under “Debt Financing for the Acquisition – New Mortgages”.

“**New Mortgages Term Sheet**” means the financing term sheet regarding a proposed first mortgage financing in the amount of \$144.0 million in respect of the Acquisition Properties.

“**New Partnership**” means FAM II Limited Partnership, which, if formed, will be a limited partnership and a direct or indirect Subsidiary of the REIT, established under the laws of the Province of Ontario to acquire and own the Acquisition Properties.

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**NOBOs**” means non-objecting beneficial owners and “**NOBO**” means any one of them.

“**NOI**” means net operating income.

“**Non-Registered Unitholder**” has the meaning ascribed thereto in “General Information Regarding the Meeting – Non-Registered Unitholders”.

“**Notice**” means the notice of meeting accompanying the Circular.

“**OBOs**” means objecting beneficial owners and “**OBO**” means any one of them.

“**Partnerships**” means, collectively, FAM LP and the New Partnership.

“**Phase I ESA Reports**” means (i) the 2012 phase I environmental site assessment report prepared by Vertex Environmental Services Inc. in respect of each of the Acquisition Properties other than the Woodbine Complex and (ii) the 2012 phase I environmental site assessment report prepared by Pinchin Ltd. in respect of the Woodbine Complex.

“**Phase II ESA Report**” means the phase II environmental site assessment report for the Woodbine Complex prepared by the Independent Property Consultant dated October 1, 2014.

“**Prior Appraisals**” means the appraisals of the Acquisition Properties conducted by Cushman dated April 1, 2014, as described under “The Acquisition – Prior Appraisals”.

“**Promontory**” means the REIT’s office property located at 2655–2695 North Sheridan Way, Mississauga, Ontario.

“**Property Condition Assessments**” means (i) the baseline property condition assessment peer review and site reconnaissance in respect of each of the Acquisition Properties other than the Woodbine Complex and (ii) the updated baseline property condition assessment for the Woodbine Complex, prepared by the Independent Property Consultant dated September 12, 2014 to October 2, 2014, as applicable.

“**Proposed Disposition**” means the definition given to it in the ROFO Agreement.

“**Purchase Price**” means the purchase price for the Acquisition Properties of \$190.0 million, subject to adjustment as set forth in the Acquisition Agreement.

“**Queen’s Plate**” means the Acquisition Property located at 135 Queen’s Plate Drive, Toronto, Ontario.

“**Record Date**” means November 7, 2014, being the date determined by the REIT for determining the Unitholders entitled to receive notice of, and to attend and to vote at, the Meeting.

“**REIT**” means FAM Real Estate Investment Trust and references in this Circular to the “**REIT**” should be interpreted as described under “Meaning of Certain References”.

“**REIT Exception**” means the exclusion from the definition of “SIFT trust” in the Tax Act, for a trust qualifying as a “real estate investment trust” as defined in subsection 122.1(1) of the Tax Act.

“**REIT Proxyholders**” means the persons named in the form of proxy.

“**Renewal Terms**” means the Management Agreement’s renewable five year term.

“**ROFO Agreement**” means the right of first offer agreement dated as of December 28, 2012 between the REIT and Huntingdon.

“**SIFT Rules**” means the rules in the *Tax Act* applicable to “SIFT trusts” and “SIFT partnerships”, each as defined in the Tax Act.

“**Slate**” means Slate Properties Inc., a company incorporated under the laws of Ontario.

“**Slate Capital**” means Slate Capital Corporation.

“**Slate GTA**” means Slate GTA Suburban Office Inc.

“**Special Committee**” means the committee of Independent Trustees of the REIT, consisting of Gary Samuel (Chair), Georges Dubé, Ian MacKellar, and Pam Spackman, formed by the REIT in response to the Huntingdon Strategic Review.

“**Special Voting Unit**” means a special voting unit in the capital of the REIT.

“**Subsidiary**” means, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**TD Bank**” means The Toronto-Dominion Bank.

“**TD Securities**” means TD Securities Inc.

“**Term**” means the Initial Term together with the Renewal Term.

“**Trustees**” means the trustees from time to time of the REIT.

“**TSX**” means the Toronto Stock Exchange.

“**Unitholder**” means a holder of Units.

“**Units**” means trust units in the capital of the REIT, other than Special Voting Units.

**“Updated Phase I ESA Report”** means the 2014 phase I environmental site assessment update report for the Woodbine Complex prepared by the Independent Property Consultant dated October 1, 2014.

**“Voting Units”** means, collectively, the Units and the Special Voting Units.

**“VTB Loan”** means the vendor-take-back loan agreement dated December 28, 2012 between the REIT and Huntingdon.

**“Warrants”** means the Unit purchase warrants of the REIT that entitle the holder thereof to acquire one Unit at an exercise price of \$10.50 per Unit at any time prior to 5:00 p.m. (Toronto time) on December 28, 2015.

**“Woodbine Complex”** means the Acquisition Property located at 7030, 7050 & 7100 Woodbine Avenue and 55 & 85 Idema Road, Markham, Ontario.

## GENERAL INFORMATION REGARDING THE MEETING

**This Circular is furnished in connection with the solicitation of proxies by and on behalf of the Special Committee of the REIT for use at the Meeting of Unitholders to be held on December 5, 2014 and any adjournment or postponement thereof for the purposes set forth in the Notice.** It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, or other personal contact, by regular employees of the REIT, without special compensation. While no arrangements have been made to date, the REIT may contract with a professional proxy solicitation firm for the solicitation of proxies for the Meeting, which arrangements would include customary fees. The costs of any such solicitation will be borne by the REIT. The REIT has engaged Laurel Hill Advisory Group as its Information Agent (See “General Information Regarding the Meeting – Information Agent”). The information contained herein is given as at October 30, 2014, except where otherwise indicated.

### Registered Unitholders

#### *Holders of Units*

A holder of Units is a registered Unitholder if shown on the Record Date on the list of holders of Units kept by Computershare Trust Company of Canada, as registrar and transfer agent of the REIT, in which case a Unit certificate will have been issued to the Unitholder which indicates the Unitholder's name and the number of Units owned by the Unitholder. Registered holders of Units will receive with this Circular a form of proxy from Computershare representing the Units held by such holder.

#### *Holders of Class B LP Units*

Holders of Class B LP Units shown on the Record Date on the list of holders of Class B LP Units kept by Computershare as registrar and transfer agent of the REIT will receive with this Circular a form of proxy from Computershare representing the Special Voting Units held by such holder of Class B LP Units. Holders of Class B LP Units have automatically been issued Special Voting Units which entitle such holder to one Special Voting Unit per Class B LP Unit held. The Special Voting Units are entitled to one vote per Special Voting Unit at any meeting of the Unitholders. Special Voting Units are evidenced only by the certificates representing the Class B LP Units to which they relate. Holders of Special Voting Units will receive with this Circular a form of proxy from Computershare representing the Special Voting Units held by such holder.

#### *Appointment of Proxy*

A form of proxy is enclosed, and whether or not you expect to attend the Meeting, please exercise your right to vote. Unitholders who have voted by proxy may still attend the Meeting. Please complete and return the form of proxy in the envelope provided. The form of proxy must be executed by the registered Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the REIT's transfer agent, Computershare, in the envelope provided or otherwise, by mail or hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto ON, M5J 2Y1, fax number 1 (888) 453-0330, not later than 5:00 p.m. (Toronto time) on December 3, 2014 or, if the Meeting is adjourned or postponed, the second last business day preceding the day of any adjournment or postponement thereof. The limit for deposit of proxies may be waived or extended by the chairman of the Meeting at his discretion without notice.

The persons named in the enclosed form of proxy (the “**REIT Proxyholders**”) are Trustees of the REIT. **A Unitholder may appoint a proxyholder (who is not required to be a Unitholder), other than the REIT Proxyholders, to attend and act on such Unitholder's behalf at the Meeting, either by inserting such other desired proxyholder's name in the blank space provided on the form of proxy or by substituting another proper form of proxy.**

If you have any questions or require assistance completing your proxy or voting instruction form, you may contact the Information Agent. Contact details may be found on the back page of this Circular.



### *Revocation of Proxy*

A registered Unitholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by the Unitholder or by the attorney of such Unitholder authorized in writing or, if the registered Unitholder is a corporation, by a duly authorized officer or attorney thereof, and deposited either at the head office of the REIT not later than 5:00 p.m. (Toronto time) on December 3, 2014 or, if the Meeting is adjourned or postponed, the second last business day preceding any adjournment or postponement thereof at which the form of proxy is to be used or with the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law.

### **Non-Registered Unitholders**

A holder of Units is a non-registered (or beneficial) Unitholder (a “**Non-Registered Unitholder**”) if the Unitholder’s Units are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Unitholder deals with in respect of the Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (as such terms are used in the Tax Act) and similar plans; or
- (b) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

### *Non-Objecting Beneficial Owners*

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about them to the REIT are referred to as non-objecting beneficial owners (“**NOBOs**”). Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about them to the REIT are referred to as objecting beneficial owners (“**OBOs**”). The Meeting Materials are being sent to both registered and Non-Registered Unitholders. In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the REIT has elected to send copies of the Meeting Materials directly to NOBOs and indirectly through Intermediaries for onward distribution to the OBOs. The REIT intends to pay for Intermediaries to forward and deliver the Meeting Materials and Form 54-101F7 to OBOs. If you are a Non-Registered Unitholder, and the REIT or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding securities on your behalf. By choosing to send these materials to you directly, the REIT (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you, and (ii) executing your voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

### *Appointment of Proxy*

In accordance with the requirements of NI 54-101, the REIT has distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to Non-Registered Unitholders. Intermediaries must forward the Meeting Materials to each Non-Registered Unitholder (unless the Non-Registered Unitholder has waived the right to receive such materials), and often use a service company (such as Broadridge Financial Solutions Inc., Canada), to permit the Non-Registered Unitholder to direct the voting of the Units held by the Intermediary on behalf of the Non-Registered Unitholder. Generally, Non-Registered Unitholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Units beneficially owned by the Non-

Registered Unitholder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Unitholder. In this case, the Non-Registered Unitholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare, as described above under “General Information Regarding the Meeting – Registered Unitholders”; or

- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Unitholder in accordance with the directions on the voting instruction form. Non-Registered Unitholders should submit voting instruction forms to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the REIT.

The purpose of these procedures is to permit Non-Registered Unitholders to direct the voting of the Units they beneficially own. Should a Non-Registered Unitholder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Unitholder), the Non-Registered Unitholder should strike out the names of the persons named in the form of proxy and insert their own (or such other person’s) name in the blank space provided in the form of proxy or, in the case of a voting instruction form, follow the corresponding instructions on the form, to appoint themselves as proxy holders, and deposit the form of proxy or submit the voting instruction form in the appropriate manner noted above. **Non-Registered Unitholders should carefully follow the instructions on the form of proxy or voting instruction form that they receive from their Intermediary in order to vote the Units that are held through that Intermediary.**

Unitholders with questions respecting the voting of units held through a stockbroker or other financial intermediary should contact that stockbroker or other intermediary for assistance. You may also contact the Information Agent toll free (North America) at 1 (877) 452-7184 or outside North America collect: (416) 304-0211, or by e-mail: [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

#### *Revocation of Proxy*

A Non-Registered Unitholder giving a proxy may revoke the proxy by contacting his or her Intermediary in respect of such proxy and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke a proxy if it receives insufficient notice of revocation.

#### **Voting of Units**

The Voting Units represented by proxies or voting instruction forms will be voted in accordance with the instructions of the Unitholder on any ballot that may be called for and, if the Unitholder specifies a choice with respect to any other matter to be acted upon at the Meeting, Voting Units represented by properly executed proxies or voting instruction forms will be voted accordingly.

**If no choice is specified by a Unitholder with respect to the appointment of a proxyholder and to any matter to be acted upon at the Meeting, the Voting Units represented by such Unitholder’s proxy or voting instruction form will be voted by the persons named in the enclosed form of proxy FOR the Acquisition Resolution as further described in this Circular.**

The REIT’s registrar and transfer agent, Computershare, will serve as independent scrutineer at the Meeting, and will tabulate all votes at the Meeting.

#### **Exercise of Discretion by Proxy**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice and with respect to such other matters as may properly come before the Meeting or any adjournment or postponement thereof. At the date of this Circular, the Trustees of the REIT are not aware of any amendments or other matters to come before the Meeting other than the matters referred to in the Notice. With respect to amendments to matters identified in the Notice or other matters that may properly come

before the Meeting or any adjournment or postponement thereof, Voting Units represented by properly executed proxies will be voted by the persons so designated in their discretion.

### **Information Agent**

The REIT has retained Laurel Hill Advisory Group to act as Information Agent in connection with the Meeting. The Information Agent will receive reasonable and customary compensation from the REIT in connection with its services, will be reimbursed for certain out-of-pocket expenses in connection with the Meeting. The Information Agent will respond to inquiries of and provide information to Unitholders in connection with the Meeting and provide other similar advisory services as the REIT may request from time to time.

Questions and requests for assistance concerning the Acquisition and the Meeting may be directed to the Information Agent at 1 (877) 452-7184 (Toll Free in North America) or (416) 304-0211 (Collect Outside North America) or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com). Further contact details for such persons may be found on the back page of this Circular. Additional copies of this Circular and related materials may be obtained without charge on request from the Information Agent.

### **Voting at Meeting and Quorum**

The Acquisition Resolution must be approved by the affirmative vote of a majority of votes cast by Minority Unitholders present in person or represented by proxy at the Meeting. Unless otherwise required by law or the Declaration of Trust, any matter coming before the Meeting or any adjournment or postponement thereof shall be decided by the majority of the votes duly cast in respect of the matter by Unitholders entitled to vote thereon.

Holders of Warrants who do not own Voting Units are not Unitholders and the Warrants do not carry any Voting Rights, including, for greater certainty, the right to vote at the Meeting.

The quorum at the Meeting or any adjournment or postponement thereof (other than an adjournment for lack of quorum) shall be individual(s) present in person or represented by proxy representing in the aggregate not less than 5% of the total number of outstanding Voting Units on the Record Date.

### **Record Date**

The Board has fixed November 7, 2014 as the Record Date for the purpose of determining which Unitholders are entitled to receive the Notice and vote at the Meeting or any adjournment or postponement thereof, either in person or by proxy. No person acquiring Voting Units after that date shall, in respect of such Voting Units, be entitled to receive the Notice and vote at the Meeting or any adjournment or postponement thereof.

As of October 24, 2014, the REIT had 12,094,396 Units issued and outstanding, each carrying the right to one vote per Unit at the Meeting, and 2,977,132 Special Voting Units issued and outstanding, each carrying the right to one vote per Special Voting Unit at the Meeting. The Units are listed on the TSX under the symbol "F.UN".

### **PRINCIPAL HOLDERS OF VOTING UNITS**

To the knowledge of the Trustees and management of the REIT, as of October 24, 2014, no person or company beneficially owned, or controlled or directed, directly or indirectly, Voting Units carrying 10% or more of the votes attached to the outstanding Voting Units, other than:

- (i) Cambridge Global Asset Management, which owned, in aggregate 1,802,100 Units representing approximately 14.9% of the outstanding Units (or approximately 12.0% of the outstanding Voting Units); and
- (ii) Huntingdon (together with its Affiliates), which owned, in aggregate, 1,648,278 Units and 2,977,132 Special Voting Units, representing approximately 13.6% of the outstanding Units (or

30.7% of the outstanding Voting Units and 100% of the outstanding Special Voting Units, respectively).

The Trustees and management understand that the Units registered in the name of CDS & Co. are beneficially owned through various Intermediaries on behalf of their clients and other parties. The names of the beneficial owners of such Units are not known to the REIT. Except as set out above, the REIT and executive officers of the REIT have no knowledge of any person or company that beneficially owns, or controls or directs, directly or indirectly, 10% or more of the outstanding Voting Units.

## SPECIAL BUSINESS – THE ACQUISITION

### Overview

The REIT has agreed to indirectly acquire, through the Acquisition Partnership, a portfolio of seven office properties comprising an aggregate of approximately 1.1 million square feet of GLA and will increase the REIT's asset base by approximately 59% to over 2.9 million square feet, with an enhanced footprint in the Greater Toronto Area of Ontario (the “**GTA**”). The Acquisition Properties are located in attractive submarkets within the GTA. The purchase price for the Acquisition Properties of \$190.0 million (the “**Purchase Price**”), subject to adjustment as set forth in the Acquisition Agreement, which implies a price per square foot of \$176 and a going-in capitalization rate of approximately 6.91%, will be satisfied by a combination of: (i) \$144.0 million in cash, which the REIT expects to fund with the proceeds received by the REIT pursuant to the New Mortgages and (ii) the issuance or delivery (as applicable) to Slate GTA or its designee of (A) 2,794,363 Units and 2,316,748 Class B LP Units, which are economically equivalent to and exchangeable for Units, each such unit to be issued at a price of \$9.00 per unit, and (B) the 2,316,748 Special Voting Units accompanying such Class B LP Units (which will provide the holder thereof with voting rights in respect of the REIT) ((i) and (ii), collectively, the “**Consideration**”). Pricing the Unit and Class B LP Unit portion of the Consideration at \$8.72, being the REIT's 30-day VWAP as at August 11, 2014, results in an adjusted purchase price of \$188.6 million. As at September 1, 2014, the Acquisition Properties had an occupancy rate of approximately 90.2%. See “Description of the Acquisition Properties”.

Pursuant to the terms of the Amended Management Agreement, no acquisition fee will be paid to Huntingdon or any successor in connection with the Acquisition.

The Acquisition will be completed pursuant to the Acquisition Agreement and will be conditional upon the satisfaction of certain conditions including, the completion of the Huntingdon Transaction, approval by a majority vote of the Minority Unitholders present in person or represented by proxy at the Meeting, regulatory approvals, including *Competition Act* (Canada) approval and meeting the conditions of TSX approval and the REIT entering into acceptable financing arrangements to pay the cash portion of the Consideration (which the REIT expects to receive pursuant to the New Mortgages). See “The Acquisition – Transaction Approvals”. Completion of the Acquisition is expected to occur in the fourth quarter of 2014. Upon the completion of the Acquisition, the Acquisition Partnership will acquire the Acquisition Properties and will own, operate and lease the Acquisition Properties and engage in all activities ancillary and incidental thereto. If the New Partnership is the Acquisition Partnership, the Acquisition Partnership will be a limited partnership formed under the laws of the Province of Ontario. The limited partnership agreement in respect of the New Partnership will, in all material respects, have terms and conditions, including capital structure, consistent with the FAM LP Limited Partnership Agreement. If the New Partnership is the Acquisition Partnership, each security (i.e., the Class A LP Units, the Class B LP Units and the GP Units) to be issued by the Acquisition Partnership in connection with the completion of the Acquisition will have the same attributes, in all material respects, as the corresponding outstanding class of securities of FAM LP. In particular, each of the Class B LP Units to be issued by the Acquisition Partnership in connection with the completion of the Acquisition will have the same attributes, in all material respects, as the outstanding Class B LP Units of FAM LP, and will also be accompanied by a Special Voting Unit. The REIT holds, or will directly or indirectly hold in the case of the New Partnership, all of the issued and outstanding Class A LP Units of the Acquisition Partnership. The general partner of the Acquisition Partnership is, or will be in the case of the New Partnership, FAM GPCo Inc. or another wholly-owned subsidiary of the REIT, and FAM GPCo Inc. (or such other wholly-owned subsidiary) holds, or will hold in the case of the New Partnership, all of the GP Units of the Acquisition Partnership.

The Purchase Price was established by negotiation between the Special Committee and Slate, after the consideration by the Special Committee of, among other things, the Fairness Opinion, the Prior Appraisals, the Independent Appraisals, the Environmental Site Reconnaissance Letters, the Phase I ESA Reports, the Updated Phase I ESA Report, the Phase II ESA Report, the Property Condition Assessments and other financial, market and detailed property related information deemed appropriate and sufficient for such purposes. See “The Acquisition – Recommendation of the Special Committee”, “The Acquisition – Independent Appraisals”, “The Acquisition – Prior Appraisals” and “Description of the Acquisition Properties – Environmental and Property Condition Assessment of Acquisition Properties”.

Slate Capital, an Affiliate of Slate GTA, may be considered a “related party” of the REIT by virtue of its agreement to acquire all of the issued and outstanding shares of Huntingdon pursuant to the Huntingdon Transaction. Should the Huntingdon Transaction close, Slate will, among other things, effectively assume Huntingdon’s obligations as the REIT’s manager and become the indirect owner of all Units, Class B LP Units of FAM LP and Special Voting Units held by Huntingdon. In addition, 2,794,363 Units and 2,316,748 Class B LP Units of the Acquisition Partnership and the accompanying Special Voting Units will be issued or delivered, as applicable, to Slate GTA or its designee pursuant to the Acquisition Agreement. The REIT understands that following completion of the Acquisition, Slate will transfer the 2,794,363 Units delivered to it pursuant to the Acquisition to Incore Equities Inc. or an affiliate thereof (“**Incore**”) (or will otherwise direct the REIT to issue and deliver such Units directly to Incore as the designee of Slate GTA), effectively in satisfaction of certain rights of Incore relating to, among other things, the Acquisition Properties (the “**Incore Transfer**”). Incore is a private corporation managed by Greystone Managed Investments Inc. (“**Greystone**”) on behalf of certain pension fund clients. Accordingly, following the completion of the Huntingdon Transaction, the Acquisition and the Incore Transfer, Slate (together with its Affiliates) will hold an approximate 34.4% effective interest (undiluted) and an approximate 31.9% effective interest (fully diluted) in the REIT through the ownership of, or the control or direction over, Units, Class B LP Units and Special Voting Units, and Incore will hold an approximate 13.8% effective interest (undiluted) in the REIT through the ownership of, or the control or direction over, Units. See “Consideration – Issuance of Units, Class B LP Units and Special Voting Units”.

The Acquisition may constitute a “related party transaction” under MI 61-101. See “The Acquisition – Recommendation of the Special Committee”.

The Special Committee, which is comprised of Independent Trustees, was established on February 20, 2014 by the REIT in response to the announcement by Huntingdon that it would commence a strategic review (the “**Huntingdon Strategic Review**”). The Special Committee’s mandate is to evaluate the impact of the Huntingdon Strategic Review on, and all options available to, the REIT and if advisable, to respond to such review. In connection with this mandate, the Special Committee is also responsible for supervising the process to be carried out by the REIT and its professional advisors in connection with the Acquisition, making recommendations to the Trustees in respect of matters that it considers relevant with respect to the Acquisition, and ensuring that the REIT completes the Acquisition in compliance with the requirements of MI 61-101, the Declaration of Trust, applicable policies of the TSX and applicable law. See “Background and Recommendations – Background to the Acquisition”. **The Special Committee has unanimously recommended to the Trustees that they recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting. The Trustees (other than Mr. Zachary R. George who recused himself) unanimously recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting. See “Background and Recommendations – Recommendation of the Special Committee”.**

## **Acquisition Agreement**

*The following is a summary of the material attributes and characteristics of the Acquisition Agreement. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Acquisition Agreement, which has been filed with the Canadian securities regulatory authorities and will be available on SEDAR at [www.sedar.com](http://www.sedar.com). Unitholders should refer to the terms of the Acquisition Agreement for a complete description of the representations, warranties and indemnities being provided and related limitations under the Acquisition Agreement.*

The REIT has agreed to acquire indirectly the Acquisition Properties, for an aggregate Purchase Price of \$190.0 million, all pursuant to the provisions of the Acquisition Agreement.

### *Assumed Obligations*

In addition to the purchase of the Acquisition Properties, FAM LP will assume or obtain under the Acquisition Agreement: (i) the contracts and other documents binding on Slate GTA with respect to the ownership or operation of the Acquisition Properties; (ii) the leases or other rights or licenses granted by Slate GTA with respect to the Acquisition Properties; (iii) the existing third party warranties and guarantees relating to the Acquisition Properties; (iv) any permitted encumbrances as set out in the Acquisition Agreement; and (v) any forward commitments for services, supplies or materials to be delivered after the closing of the Acquisition, unless specifically excluded.

### *Conditions*

The transactions contemplated by the Acquisition Agreement will be conditional upon the satisfaction of certain customary conditions, as well as upon the: (i) receipt of *Competition Act* (Canada) approval; (ii) receipt of an affirmative vote of Minority Unitholders present in person or represented by proxy at the Meeting; (iii) receipt of third party approvals, permits, consents and licenses, regulatory and otherwise (including TSX approval), required to consummate the transaction occurring; (iv) the REIT obtaining adequate financing to pay the cash portion of the Consideration; and (v) closing of the Acquisition before the Acquisition Outside Date. Other conditions solely in favour of FAM LP are: (a) the transfer to FAM LP of the purchased assets in accordance with the Acquisition Agreement; (b) receipt of tenant estoppels; and (c) receipt of the vendor estoppel in respect of the balance of a lease where no tenant estoppel was received in the form approved by FAM LP. Failure to satisfy any of these conditions, unless otherwise waived, would allow the party having the benefit of the condition to terminate the Acquisition Agreement.

### *Representations and Warranties*

The Acquisition Agreement contains representations, warranties and covenants relating to Slate GTA and FAM LP as are customary in arm's length transactions of this nature, including, among other things, representations and warranties as to organization and status, power and due authorization, non-contravention of constating and organizational documents, laws or material agreements, leasing matters, residency status, and the existence of outstanding work orders pertaining to the Acquisition Properties. The Acquisition Agreement also contains representations and warranties relating to the Acquisition Properties given by Slate GTA, including with respect to valid title, absence of material litigation, the status of leases, material contracts, taxes and land use matters. Certain limited representations and warranties relating to organization, status, and tax remittance will survive indefinitely. All other representations and warranties, unless otherwise stated in the Acquisition Agreement, will survive for one year after the Acquisition Closing Date.

### *"As Is, Where Is" Basis*

The Acquisition Agreement provides that except as provided in the representations and warranties of Slate GTA, the Acquisition Properties are being purchased on an "as is, where is" basis in reliance on FAM LP's own due diligence with respect to the Acquisition Properties.

### *Indemnities*

The Acquisition Agreement contains customary indemnity provisions between Slate GTA and FAM LP including each party agreeing to indemnify the other party for any breaches or non-performance of the terms of the Acquisition Agreement and any breaches of representations or warranties. Slate GTA has also agreed to indemnify FAM LP for any non-compliance with any bulk sales laws in respect of the transactions contemplated by the Acquisition Agreement.

### *Limitation of Liability*

Any obligation or liability whatsoever of Slate GTA or FAM LP, which may arise at any time under the Acquisition Agreement, shall be satisfied, if at all, out of such party's assets only, subject to an unconditional guarantee in favour of FAM LP of Slate GTA's obligations under the Acquisition Agreement by Slate Capital.

## **RECOMMENDATIONS AND BACKGROUND TO THE ACQUISITION**

### **Recommendation of the Special Committee**

The Special Committee has unanimously resolved that the Acquisition is in the best interests of the REIT and its Unitholders, and has unanimously recommended to the Board that the Board approve the Acquisition and recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting. In arriving at its conclusions and recommendations, the Special Committee reviewed and weighed all aspects of the Acquisition, including the financial, legal and tax implications of the Acquisition, the expected benefits to the REIT and its Unitholders of the Acquisition, including the factors set out below, and the risks described under the heading "Risk Factors" in this Circular. The conclusions and recommendations of the Special Committee were reached after considering the following factors, among others:

- The Acquisition represents a transformational transaction for the REIT which will benefit Unitholders through increased scale and improved asset quality.
  - the REIT's gross book value will increase over 60% following the Acquisition; and
  - the Acquisition Properties consist of seven office properties located in the GTA with an occupancy level of 90.2% as at September 1, 2014.
- The Acquisition Properties are located in attractive submarkets within the GTA which have compelling real estate fundamentals and are complementary to the REIT's existing office property portfolio.
  - situated in mature, fully developed commercial nodes throughout the GTA; and
  - access to a number of key demand drivers, including: the availability of public transit, 400 series highways, major transportation routes, Pearson International Airport and other key infrastructure, located in close proximity to local labour markets within respective municipalities.
- The Purchase Price is below the estimated appraisal values in both the Independent Appraisals and the Prior Appraisals.
  - the Independent Appraisals indicate that the estimated aggregate value of the Acquisition Properties, as of September 1, 2014, was \$202.4 million, inclusive of a 2% portfolio premium, and \$198.4 million, excluding such premium (see "Valuation Requirements – Independent Appraisals"); and
  - the Purchase Price also compares favourably to the values presented in the Prior Appraisals, which estimate the aggregate value of the Acquisition Properties, as of April 1, 2014, was \$219.0 million (see "Valuation Requirements – Prior Appraisals").
- The Purchase Price of \$190.0 million compares favourably to estimated market values and allows the REIT to acquire performing assets for less than their replacement cost.
  - the cost to build a suburban office building is approximately \$240 to \$330 per square foot excluding land and leasing costs which is significantly greater than the \$176 per square foot implied by the Purchase Price.
- The Acquisition Properties have cash flow growth opportunities through contractual rental increases, near-term opportunities to increase occupancy, and rental upside given in-place office rents are below market.

- approximately 60% of the leases have contractual rent increases which provide embedded NOI growth for the REIT;
- the current occupancy of the Acquisition Properties is 90.2%, as at September 1, 2014, which is below stabilized occupancy; and
- the Acquisition Properties have in-place office rents of approximately \$13.10 per square foot which the REIT believes are below current market rates, which provides the REIT with the opportunity for cash flow growth as the REIT expects to enter into new deals at market rates.
- The Acquisition Properties are located in the GTA suburban market which has numerous attractive qualities, including:
  - part of the Canada-wide, non-core office property market (which includes all suburban as well as select downtown assets) which is comprised of approximately 291 million square feet nationally, representing approximately 67% of the total national office inventory, and comprising 101 million square feet in the GTA representing approximately 66% of the total GTA office inventory;
  - favourable demographics trends in key suburban markets across Canada with significant net absorption observed in recent years;
  - steadily increasing rents in the past 10 years;
  - attractive yield characteristics and organic growth which will support the REIT's current distribution; and
  - highly-fragmented market with considerable near-term acquisition opportunities.
- The Acquisition is consistent with several of the recent acquisitions by the REIT. Three of the four post-Initial Public Offering acquisitions have been suburban office buildings, including the Promontory, 1700 Ellice and 4211 Yonge. The REIT's latest investment, the MTS Data Centre, is expected to remain in the REIT's portfolio.
- TD Securities concluded in its Fairness Opinion that, based upon and subject to the scope of review, assumptions and limitations and other matters described therein, as of October 29, 2014, the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT (see "Fairness Opinion").
- The Special Committee commissioned new building condition reports and environmental reports to determine the capital requirements of the Acquisition Properties and to identify any potential environmental issues. The reports have concluded that the buildings are in good physical condition with no environmental contamination, no deferred capital expenditures and limited capital required over the near term.
- Slate has a strong track record in the Canadian office sector, having completed \$1.7 billion in office acquisitions and \$0.9 billion in other commercial property acquisitions since inception.
- The Acquisition Properties have performed well since Slate's acquisition and have benefited from a number of capital improvements which will serve to enhance their competitive position in the market.
- While the Acquisition will require the REIT to temporarily increase its leverage, the REIT intends to align its capital structure to return to within its stated target leverage level (50% to 55%) of the REIT's gross book value) following the expected disposition of the REIT's retail and industrial properties.
- The Acquisition is accretive to the REIT's AFFO per Unit.
- Pursuant to the terms of the Management Agreement, no acquisition fee will be paid to Huntingdon or any successor in connection with the Acquisition.



- The requirement under MI 61-101 and the rules of the TSX that the Acquisition Resolution must be approved by the affirmative vote of a majority of votes cast by Minority Unitholders present in person or represented by proxy at the Meeting.

### **Amendments to the Declaration of Trust to Reflect and Give Effect to the Acquisition**

At the Meeting, as part of the Acquisition Resolution the Unitholders may be asked to authorize certain consequential amendments to the Declaration of Trust which are necessary and desirable in order to reflect and give effect to the completion of the Acquisition on the terms set out in this Circular and in the Acquisition Agreement. If the New Partnership is the Acquisition Partnership, these amendments to the Declaration of Trust will consist of such amendments, additions, deletions and variations thereto necessary to reflect the creation of the Acquisition Partnership, the issuance of Class B LP Units of the Acquisition Partnership and the accompanying Special Voting Units and amendment to the Exchange Agreement to allow such Class B LP Units of the Acquisition Partnership to be exchanged for Units.

As set out in this Circular, if the New Partnership is the Acquisition Partnership, the limited partnership agreement in respect of the Acquisition Partnership will, in all material respects, have terms and conditions, including capital structure, consistent with the FAM LP Limited Partnership Agreement. Each security (i.e., the Class A LP Units, the Class B LP Units and the GP Units) to be issued by the Acquisition Partnership in connection with the completion of the Acquisition will have the same attributes, in all material respects, as the corresponding outstanding class of securities of FAM LP. In particular, each of the Class B LP Units to be issued by the Acquisition Partnership in connection with the completion of the Acquisition will have the same attributes, in all material respects, as the outstanding Class B LP Units of FAM LP, and will also be accompanied by a Special Voting Unit. See “Arrangements with Huntingdon and Slate – Exchange Agreement”.

### **Recommendation of the Board**

The Board of Trustees (with Mr. Zachary R. George recusing himself), based on the recommendation of the Special Committee and the factors referred to above unanimously: (i) determined that the Acquisition is in the best interests of the REIT and its Unitholders; (ii) approved the Acquisition Agreement and all other documents as may be necessary to complete the Acquisition; and (iii) recommends that Unitholders vote FOR the Acquisition Resolution at the Meeting.

**The Trustees (other than Mr. Zachary R. George who recused himself) unanimously recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting.**

Unitholders should consider the Acquisition carefully and come to their own conclusion as to whether or not to vote in favour of the Acquisition Resolution.

The foregoing discussion of the information and factors reviewed by the Board of Trustees and Special Committee is not, and is not intended to be, exhaustive. In view of the wide variety of factors considered, neither the Board of Trustees nor the Special Committee found it practicable to, and therefore did not, quantify or otherwise assign relative weight to specific factors in making its determination. The conclusions and recommendations of the Board and Special Committee were made after consideration of all of the above-noted factors in light of the collective knowledge of the members thereof of the operations, financial condition and prospects of the REIT and was also based upon the advice of its advisors.

### **Background to the Acquisition**

The Special Committee, comprised of Gary Samuel (Chair), Georges Dubé, Ian MacKellar, and Pam Spackman, each an Independent Trustee, was established on February 20, 2014 by the Trustees in response to the announcement of the Huntingdon Strategic Review on February 19, 2014. Zachary R. George was not eligible to serve on the Special Committee by virtue of his relationship with Huntingdon. The Special Committee’s mandate was to evaluate the impact of the Huntingdon Strategic Review on, and all options available to, the REIT and if advisable, to respond to such review.

Following its formation, the Special Committee retained TD Securities as its financial advisor and Blake, Cassels & Graydon LLP as its legal advisor. In March 2014, the Special Committee instructed TD Securities to evaluate and report to the Special Committee on a number of outcomes that could result from the Huntingdon Strategic Review and potential options that may be available to the REIT, including the acquisition of certain assets and/or the possible internalization of REIT management. Following TD Securities' evaluation, during the period from March to April 2014, the Special Committee considered the strengths and weaknesses, structural features, timing, related risks and tax implications of various alternatives available to the REIT, and together with TD Securities explored these alternatives.

On July 15, 2014, the REIT was informed by Huntingdon that Slate and Huntingdon had entered into a letter of intent pursuant to which Slate or an affiliate would acquire Huntingdon. At such time, Slate put forth a non-binding proposal to the Special Committee for the acquisition of a portfolio of office properties owned by Slate. Slate proposed that the REIT acquire the properties for a price of \$200.0 million. As partial consideration, the proposal contemplated the REIT issuing Units to Slate at a per Unit price equal to the market trading price (being \$8.80 per Unit at the time the proposal was made). As part of this proposal, the Special Committee would be permitted to conduct a preliminary review of the properties prior to executing a letter of intent.

On July 21, 2014, the Special Committee met with its financial and legal advisors for an initial review of the Slate proposal, including a preliminary financial analysis of the proposed transaction. In addition, the Special Committee discussed a strategy to conduct preliminary due diligence on the portfolio. Following this date, the Special Committee, with the assistance of its financial and legal advisors, undertook a preliminary evaluation of the properties including a review of financial models for each property, third party reports (including appraisals, building condition reports and environmental reports) and industry publications relevant to the Canadian office market.

On July 24, 2014, the Special Committee met with its financial and legal advisors to further review the Slate proposal, analyze financial implications of the transaction for the Unitholders and discuss a potential counter-proposal to the financial parameters of the proposed transaction, specifically as it related to purchase price and the reference price at which the REIT would issue units to Slate.

On July 31, 2014, certain members of the Special Committee, along with its financial advisor, attended an in-person tour of the properties. Members of Slate's property management team were present to provide information regarding the properties and their respective sub-markets.

As a result of the Special Committee's review of Slate's credentials and demonstrated track record and its preliminary review of the Acquisition, the Special Committee continued to consider the merits of Slate as a manager for the REIT and the potential strategic transformation of the REIT to focus on Canadian office properties under the management of Slate and continued negotiations with Slate.

On August 7, 2014, the Special Committee met with Slate, along with each party's respective advisors, and delivered a counter-proposal with respect the financial parameters of the proposed acquisition. Between August 7 and August 12, 2014, the Special Committee and its advisors met and negotiated the terms of the Amended Management Agreement and the Acquisition with Slate and its advisors.

On August 12, 2014, in connection with Huntingdon's announcement that it had entered into a definitive agreement with Slate Capital in connection with the Huntingdon Transaction, the REIT entered into the Amended Management Agreement, having determined that amending the Management Agreement was in the best interest of the REIT and its Unitholders. Upon completion of the Huntingdon Transaction, Slate will become the REIT's manager and will effectively assume Huntingdon's responsibilities in its capacity as manager. See "Arrangements with Huntingdon and Slate – Management Agreement" for further information regarding the Management Agreement. The REIT also announced that it had entered into a non-binding letter of intent in respect of the Acquisition.

Between August 12, 2014 and October 2, 2014, the Special Committee, with the assistance of its advisors, undertook a comprehensive review of the Acquisition Properties, including, but not limited to: (i) a detailed examination of the Slate-prepared financial forecast for each property and the preparation of a revised financial

forecast with certain adjustments to be used to determine value; (ii) a review of existing third party reports previously prepared for Slate (environmental reports, property condition assessments and the Prior Appraisals); (iii) commissioning and review of updated and/or peer reviews of existing third party reports; (iv) a review of material lease agreements and tenant correspondence files; and (v) a review of property surveys and titles.

On October 1, 2014, the Special Committee, TD Securities and Blake, Cassels & Graydon LLP met to review the status of the financial and legal due diligence conducted on the properties. The Special Committee determined that they were comfortable proceeding without a due diligence condition in the Acquisition Agreement, given the fact that no material issues arose as a result of the comprehensive financial and legal due diligence.

On October 6, 2014, the Special Committee met with Slate, along with their respective advisors, to finalize several remaining business issues with respect to the Acquisition Agreement. Subsequent to the Meeting, between October 6, 2014 and October 29, 2014, the parties continued to negotiate the commercial terms of the Acquisition Agreement.

On October 16, 2014, Huntingdon announced that its securityholders approved the Huntingdon Transaction and that Huntingdon and Slate Capital expect to close the transaction on or about November 4, 2014.

The Special Committee, together with its legal counsel and TD Securities, met on October 27, 2014 to consider the final draft of the Acquisition Agreement, the New Mortgages Term Sheet and the proposed final terms of the Acquisition. At the meeting, the Special Committee received a presentation from TD Securities on the Acquisition. The Special Committee then reviewed and discussed the proposed final terms of the Acquisition Agreement and the New Mortgages Term Sheet and related agreements, received legal advice from the REIT's external legal counsel and following those deliberations, the Special Committee unanimously determined on a conditional basis to recommend that the Board approve the Acquisition and the Acquisition Agreement and recommend that the Unitholders vote in favour of the Acquisition Resolution, subject to the satisfaction of certain outstanding commercial matters which were delegated to Mr. Samuel and to receipt of the Fairness Opinion.

Following the conclusion of the Special Committee meeting, the meeting of the Board of Trustees commenced. The Board of Trustees (with Mr. Zachary R. George abstaining), based on the recommendation of the Special Committee and the factors further discussed under “— Recommendations of the Special Committee”, unanimously resolved on a conditional basis to approve the Acquisition Agreement and all other documents and writings as may be necessary to complete the Acquisition and to recommend that Unitholders vote in favour of the Acquisition Resolution at the Meeting, subject to the satisfaction of certain outstanding commercial matters which were delegated to Mr. Samuel and to receipt of the Fairness Opinion.

On October 29, 2014, the Special Committee and the Board of Trustees reconvened their meetings with a view to finalizing all outstanding transaction matters. Mr. Samuel reported on the successful conclusion of the commercial matters which had been delegated to him. TD Securities provided its verbal opinion (subsequently confirmed in writing) that, as of October 29, 2014 and subject to the assumptions, limitations and qualifications described in their opinion, the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT. The Board of Trustees subsequently reconfirmed their resolutions of October 27, 2014.

Following the meeting of the Board of Trustees, the REIT caused FAM LP to enter into the Acquisition Agreement with Slate GTA and Slate Capital in respect of the Acquisition. After the close of trading on October 29, 2014, the REIT and Slate issued a joint press release publicly announcing the Acquisition.

## **Transaction Approvals**

### *Unitholder Approval*

The Acquisition is a transaction between, among others, the REIT and Slate GTA. Slate Capital, an affiliate of Slate GTA, may be considered a “related party” of the REIT by virtue of its agreement to acquire all of the issued and outstanding shares of Huntingdon pursuant to the Huntingdon Transaction. Huntingdon currently holds an

approximate 30.7% economic and voting interest in the REIT through the ownership of Units, Class B LP Units of FAM LP and Special Voting Units. Should the Huntingdon Transaction close, Slate will, among other things, effectively assume Huntingdon's obligations as the REIT's manager and become the indirect owner of all Units, Class B LP Units of FAM LP and Special Voting Units held by Huntingdon.

Accordingly, the Acquisition may constitute a "related party transaction" under MI 61-101. Pursuant to Section 5.4 of MI 61-101, the REIT was required to obtain, at its own expense, a formal valuation of the Acquisition Properties (see "The Acquisition – Independent Appraisals") by a qualified valuator who is independent of the REIT.

The REIT is also required, pursuant to Section 5.6 of MI 61-101, to obtain prior approval of the Acquisition by a majority of the Minority Unitholders present in person or represented by proxy at the Meeting.

Further, majority approval by the Minority Unitholders present in person or represented by proxy at the Meeting is required in connection with the Acquisition and the issuance or delivery, as applicable, of the Units and Class B LP Units to Slate GTA or its designee pursuant to the following sections of the TSX Company Manual: (a) Section 611(d) where the number of securities issuable in payment for the purchase price for an acquisition exceeds 25% of the number of securities of the listed issuer outstanding at the time of the acquisition on a non-diluted basis, as the aggregate number of 5,111,111 Units to be issued or issuable to Slate GTA or its designee as part of the Consideration for the Acquisition (which includes, for greater certainty, the 2,316,748 Units issuable pursuant to the exercise of the 2,316,748 Class B LP Units) represent approximately 34.0% of Voting Units outstanding as at October 24, 2014 before giving effect to the Acquisition, on a non-diluted basis, but including the outstanding Class B LP Units; and (b) Section 604(a)(i), as, in the opinion of the TSX, the Units and the Class B LP Units and the accompanying Special Voting Units issuable to Slate GTA or its designee (which, as described above, Slate intends to be Incore pursuant to the Incore Transfer) as part of the Consideration for the Acquisition materially affect control of the REIT.

For further information regarding the security holdings of Huntingdon and its Affiliates, see "Financing for the Acquisition – Issuance of Units, Class B LP Units and Special Voting Units". For further information on the Unitholders excluded from the voting with the Minority Unitholders, see "Acquisition Resolution". For further information regarding the aggregate consideration payable to Slate in respect of the Acquisition, see "Special Business – the Acquisition – Overview".

Holders of Warrants who do not own Voting Units are not Unitholders and the Warrants do not carry any voting rights, including, for greater certainty, the right to vote at the Meeting.

#### *Competition Act Approval*

The Acquisition is conditional upon: (i) the REIT receiving an advance ruling certificate under Section 102 of the *Competition Act* (Canada) in respect of the Acquisition; or (ii) the applicable waiting period relating to premerger notification under Part IX of the *Competition Act* (Canada) having expired and the Commissioner will have indicated in writing that he does not intend to oppose the Acquisition, or any part of the Acquisition and not having made or threatened to make application under Part VIII of the *Competition Act* (Canada) in respect of the Acquisition or any part of the Acquisition.

#### *TSX Approval*

The Acquisition is conditional upon the approval of the TSX. The REIT has commenced the application process and expects to receive the TSX's approval upon the satisfaction of the conditions of the TSX, which include the approval of a majority of the Minority Unitholders present in person or represented by proxy at the Meeting referred to above under "– Unitholder Approvals" and certain other customary conditions.

## Fairness Opinion

### *Overview*

By the engagement agreement dated March 24, 2014 between TD Securities Inc. and the REIT (the “**Engagement Agreement**”), the Special Committee retained TD Securities to act as financial advisor to the Special Committee in respect of its mandate and, in this regard, TD Securities assisted the Special Committee in evaluating the terms of the Acquisition and provided the Fairness Opinion. Pursuant to the terms of the Engagement Agreement, the REIT agreed to pay certain fees to TD Securities as compensation for its services, including a monthly work fee, a fee upon delivery of the Fairness Opinion and upon completion of the Acquisition. Pursuant to the terms of the Engagement Agreement, the REIT agreed to reimburse TD Securities for all reasonable out-of-pocket expenses incurred by it and to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the engagement.

At the request of the Special Committee, the Fairness Opinion was orally delivered to the Special Committee and the Trustees on October 29, 2014, and subsequently delivered in writing. The Fairness Opinion states that, in the opinion of TD Securities, based upon and subject to the scope of review, assumptions and limitations and other matters described therein, as of October 29, 2014, the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT.

TD Securities has not prepared a formal valuation or appraisal of the REIT or any of its securities or assets, and the Fairness Opinion should not be construed as such.

### *Credentials of TD Securities*

TD Securities is one of Canada’s largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

The Fairness Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

### *Relationship with Interested Parties*

Neither TD Securities nor any of its affiliated entities (as such term is defined in MI 61-101) is an issuer insider, associated entity or affiliated entity (as those terms are defined in MI 61-101) of the REIT, Slate, Huntingdon or any of their respective associated entities or affiliated entities (collectively, the “**Interested Parties**”). TD Securities understands that as of October 24, 2014, TD Asset Management Inc. (“TDAM”), as investment manager for mutual fund, pooled fund, pension fund and other client accounts, reported control or direction over 1,151,900 Units assuming the exercise of warrants held by TDAM, representing approximately 9.72% of the outstanding Units based on an Alternative Monthly Report filed on October 24, 2014 under National Instrument 62-103 - *The Early Warning Reporting System*. TD Securities also understands that prior to that report, as of August 30, 2013, TDAM, as investment manager for mutual fund, pooled fund, pension fund and other client accounts, reported control or direction over 1,468,900 Units assuming the exercise of warrants held by TDAM, representing 14.62% of the outstanding Units as at that time based on an Alternative Monthly Report filed on September 9, 2013 under National Instrument 62-103 - *The Early Warning Reporting System*. TDAM and TD Securities are affiliated entities for purposes of MI 61-101. Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties in connection with the Transaction other than to the REIT pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the REIT or any other Interested Party, and have not had a material financial interest in any transaction involving the REIT or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect of the engagement of TD Securities by the Special Committee, other than services provided under the Engagement Agreement and as described herein. TD Securities acted as a lead underwriter for the REIT's \$58.8 million Initial Public Offering, the REIT's \$23.1 million public offering of Units on August 2, 2013 and the REIT's \$17.3 million public offering of Units on May 13, 2014.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Acquisition, the REIT, or any other Interested Party.

The fees paid to TD Securities in connection with the foregoing activities, together with the fees payable to TD Securities pursuant to the Engagement Agreement are not financially material to TD Securities. No understandings or agreements exist between TD Securities and the REIT or any other Interested Party with respect to future financial advisory or investment banking business. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the REIT, or any other Interested Party. TD Bank, through one or more affiliates, is a lender to the REIT pursuant to (i) the Credit Facility (ii) debt mortgage financing for the purchase of the REIT's Promontory property on August 4, 2013 in the amount of \$23.0 million and (iii) debt financing for the purchase of the REIT's 4211 Yonge Street property on May 1, 2013 in the amount of a \$25.0 million first mortgage, and provides, and may continue to provide in the future, in the ordinary course of its business, banking services to the REIT or any other Interested Party.

### *Conclusion*

Based upon and subject to the scope of review, assumptions and limitations and other matters described therein, as of October 29, 2014, the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT

**The full text of the Fairness Opinion describes the scope of review, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by TD Securities. The Fairness Opinion is attached as Schedule "A" and forms part of this Circular. The Fairness Opinion is directed only to whether the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT. The Fairness Opinion does not address the relative merits of the Acquisition as compared to other business strategies or transactions that might be available to the REIT nor does it address the underlying business decision to implement the Acquisition or any other term or aspect of the Acquisition or the Acquisition Agreement or any other agreements entered into or amended in connection with the Acquisition. The Fairness Opinion does not constitute a recommendation by TD Securities to any Unitholder as to how such Unitholder should vote or act with respect to any matters relating to the Acquisition.**

### **Valuation Requirements**

The Acquisition may constitute a "related party transaction" under MI 61-101. Pursuant to MI 61-101, the REIT was required to obtain, at its own expense, formal valuations of the Acquisition Properties by a qualified valuator who is independent of the REIT.

### *Formal Valuation Exemption*

In the absence of a valuation exemption pursuant to MI 61-101, the REIT would be required to obtain a formal valuation of the Class B LP Units of the Acquisition Partnership to be acquired by Slate GTA as partial consideration for the Acquisition. However, the REIT has applied for exemptive relief from the Ontario Securities Commission and the Autorité des marchés financiers from the requirements of Section 5.4 of MI 61-101 to obtain a formal valuation in respect of the Class B LP Units of the Acquisition Partnership, primarily on the basis that:

- although the Class B LP Units would not be securities of a reporting issuer or of a class for which there is a published market, they would be, as a result of the rights, privileges, restrictions, and conditions attaching to such Class B LP Units and the various material agreements relating to and governing the Class B LP Units, exchangeable into Units; and;
- prior to such exchange, the Class B LP Units would be economically equivalent to the Units in all material respects, and their value would be directly linked to the value of the Units. The value of the Class B LP Units would be entirely derived from the value of the Units and would be derived from an equity interest in the same entities (i.e. the operating limited partnerships of the REIT) from which the Units derive their value, and from the REIT's perspective, issuing Class B LP Units through the Acquisition Partnership as consideration for assets is equivalent to issuing Units of the REIT as consideration for assets.

In compliance with the anticipated conditions of such relief, the REIT represents that it has no knowledge of any material information concerning the REIT and the Partnerships, or concerning the securities of the REIT and the Partnerships, that has not been generally disclosed. Furthermore, Slate has confirmed to the REIT that Slate has no knowledge of any material information concerning the REIT and the Partnerships or securities of the REIT and the Partnerships that has not been generally disclosed.

### **Independent Appraisals**

#### *Selection of Altus Group Limited*

On August 19, 2014, the Special Committee approved the engagement of Altus Group Limited (“**Altus Group**”) to prepare the Independent Appraisals of the Acquisition Properties. In retaining Altus Group, the Special Committee, based in part on representations made to it by Altus Group, concluded that Altus Group was independent and qualified to provide a formal valuation and should be retained for the purposes of, among other things, preparing and delivering to the Special Committee the Independent Appraisals of the Acquisition Properties required under MI 61-101. Altus Group and the REIT entered into an engagement letter dated August 19, 2014 to reflect the formal terms of the engagement. Pursuant to the terms of such engagement letter, the REIT agreed to pay a fixed fee to Altus Group as compensation for its services and out-of-pocket expenses incurred by Altus Group.

#### *Credentials of Altus Group Limited*

Altus Group has been actively involved in the appraisal of institutional, office, commercial and industrial related properties since 2005. It has expertise in research, valuation and advisory services with over 1,800 employees in multiple offices around the world. Altus Group's clients include financial institutions, private and public investment funds, public real estate organizations, real estate investment trusts, foreign and domestic private investors, real estate developers, and governmental institutions.

#### *Independence of Altus Group Limited*

Neither Altus Group, nor any of its “associated entities” or “affiliated entities” (as such terms are defined for purposes of MI 61-101) is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the “interested parties” (as such term is defined for purposes of MI 61-101) in the Acquisition. Altus Group is not acting as an advisor to the REIT, or any other Interested Party in connection with the Acquisition or the

Acquisition Properties, other than acting as advisor to the Special Committee including the preparation and delivery of the Independent Appraisals.

During the 24 months before Altus Group was contacted by the Special Committee for the purpose of the Independent Appraisals, neither Altus Group nor any of its affiliated entities had a material financial interest in a transaction involving an Interested Party, other than with respect to the provision of professional services from time to time on a fee-for-fee basis, on customary terms for customary fees, which included providing the REIT with the following appraisals in connection with the prior acquisitions of properties: (i) an appraisal of the Promontory dated July 11, 2013 and (ii) an appraisal of 4211 Yonge dated March 1, 2013.

Altus Group does not have a material financial interest in the completion of the Acquisition, and the fees paid to Altus Group are not contingent upon the conclusions reached in the Independent Appraisals or the outcome of the Acquisition. There are no understandings, agreements or commitments between Altus Group and the REIT or any other Interested Party with respect to any future advisory business. Altus Group may, in the future, in the ordinary course of its business, perform valuation services for the REIT, or any other Interested Party.

Altus Group confirmed that it is of the view that it is “independent” (as that term is defined in MI 61-101) of all Interested Parties for the purposes of preparing and delivering the Independent Appraisals.

#### *Summary of the Independent Appraisals*

The Independent Appraisals prepared by Altus Group have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) for the benefit of Unitholders. The following is a summary of the Independent Appraisals. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to the Independent Appraisals.

The Independent Appraisals state that they have been prepared in conformity with the Canadian Uniform Standards of Professional Appraisal Practice effective April 1, 2014 of the Appraisal Institute of Canada (the “**Canadian Uniform Standards**”). The Canadian Uniform Standards defines market value as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus”. According to the Canadian Uniform Standards, implicit in this definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The Independent Appraisals of the Acquisition Properties prepared by Altus Group estimated the aggregate market value of the Acquisition Properties as of September 1, 2014, to be \$198.4 million, excluding any portfolio premium. Altus Group has advised that in its opinion, given the size and nature of the portfolio and current market conditions, a portfolio premium of approximately 2.0% would be appropriate for the Acquisition Properties as a portfolio and adjusting for such premium the value of the Acquisition Properties would be approximately \$202.4 million. Altus Group’s letter to the Special Committee dated October 27, 2014 confirms that, assuming there is no material change in net operating income for the Acquisition Properties, the estimated market values of the Acquisition Properties as of September 1, 2014, will remain unchanged as of October 27, 2014.

#### *Independent Appraisals*

<b>Property</b>	<b>Date</b>	<b>Market Value</b>
Woodbine Complex	September 1, 2014	\$73,900,000
Centennial Centre Complex	September 1, 2014	\$32,400,000
2285 Speakman Drive	September 1, 2014	\$29,500,000
2599 Speakman Drive	September 1, 2014	\$22,900,000
1 Eva Road	September 1, 2014	\$16,600,000



<b>Property</b>	<b>Date</b>	<b>Market Value</b>
Queen's Plate	September 1, 2014	\$13,800,000
Meadowpine Corporate Centre	September 1, 2014	\$9,300,000
<b>Aggregate Value</b>		<b><u>\$198,400,000</u></b>

The estimated market value of the Acquisition Properties in each of the Independent Appraisals and Prior Appraisals (as set out below) was determined by using an income valuation approach as the primary method of valuation (which utilized both the discounted cash flow method and the direct capitalization method, with the most reliance placed on the discounted cash flow method), with a direct comparison approach (which utilized an adjusted sale price per square foot with net operating income adjustment approach) developed to support the conclusions reached in the income based approach. The Independent Appraisals state that the appraisals and analyses were performed in accordance with the Canadian Uniform Standards and are subject to the assumptions and limitations set out in the Independent Appraisals.

The income approach adopts the rationale that there is a relationship between the income earned by the property and its market value. With the income approach, the value estimate is based on the present or discounted worth of the future earnings that can be expected from the property. These valuation methods are methods typically used by investors when acquiring properties of this nature. Altus Group gave consideration to the characteristics of each asset such as its location, building conditions, accessibility, site area, and neighbouring population.

The direct comparison approach develops a value by applying a comparative analysis of properties that are similar to the Acquisition Properties that have recently sold, are listed for sale or are under contract, and focuses on the similarities and differences that affect value.

Altus Group visited the Acquisition Properties to assess location and physical characteristics and determined the highest and best use for each property. In appraising the Acquisition Properties, valuation parameters were used, having regard to the industry trends, current market conditions and prevailing national and provincial economic and industry information. In appraising the Acquisition Properties, Altus Group made certain standard assumptions, including, among other things that: (i) title to the Acquisition Properties was good and marketable; (ii) there were no issues or concerns such as, but not limited to, engineering, structural, soil, environmental, hazardous substances, land use or related issues affecting the Acquisition Properties; and (iii) there will be no change in market and economic conditions, physical building condition, legal/planning status or tenancy that would materially impact the value of the Acquisition Properties between the report date and the effective date of valuation. In addition, given the scope of Altus Group's mandate, which required it to review only a sample of the major respective tenants of the Acquisition Properties, the Independent Appraisals include an assumption that any rent abatement and/or rent relief that has not been included in Altus Group's analysis will be adjusted by the vendor. The foregoing assumptions as well as other assumptions listed in the Independent Valuations will affect the estimated market value.

In determining the approximate market value of the Acquisition Properties, Altus Group relied on operating and financial data provided by Slate, including rent rolls, operating income and expense budgets, historical operating statements and projected net operating income statements. Specifically, for each of the properties for which it conducted an appraisal, Altus Group discussed with management of Slate the property's history, current tenant status and future prospects, and reviewed historical operating results and management revenue and expense estimates as set forth in the forecasted operating budgets for their reasonableness. Based on its review, and other relevant facts, Altus Group considered such data to be reasonable.

**Caution should be exercised in the evaluation and use of the results of a formal valuation, such as those contained in the Independent Appraisals. A formal valuation is an estimate of market value as at a particular date. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Independent Appraisals are based on various assumptions of future expectations and while Altus Group's internal forecasts of NOI for each of the Acquisition Properties are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.**

The full text of each of the Independent Appraisals describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Altus Group. The foregoing is a

summary of the conclusions reached in such formal valuations, as the case may be, and Unitholders are hereby cautioned that such summary may distort the findings of the Independent Appraisals and are advised to read each valuation in its entirety. Each of the aforementioned Independent Appraisals has been filed by the REIT with the Canadian securities regulatory authorities and is available for review under the REIT's SEDAR profile at [www.sedar.com](http://www.sedar.com). In addition, copies of the Independent Appraisals are available for inspection at FAM Real Estate Investment Trust, 2000-5000 Miller Road, Richmond, BC, V7B 1K6, and will be sent to any Unitholder upon request subject to a nominal charge to cover printing and mailing costs.

The Independent Appraisals were one of many factors considered by the Special Committee in its evaluation of the Acquisition and should not be viewed as determinative of the views of the Special Committee, the Board or management with respect to the Acquisition or the Purchase Price provided for in the Acquisition.

### **Material Benefit**

The REIT advises that the REIT and Slate have structured the Acquisition, including the purchase and sale of the Acquisition Properties and Consideration payable in connection with the Acquisition, in a manner that provides Slate with favourable tax treatment in respect of its disposition of the Acquisition Properties, which is beneficial to Slate. However, tax efficient structuring of transactions is consistent with standard practice in the commercial real estate market and commercial transaction practice generally. The REIT does not have sufficient information with respect to Slate to determine the materiality of the additional benefit to Slate, if any.

### **Prior Valuations**

There are no prior valuations (as such term is defined in MI 61-101) in respect of the Acquisition Properties that have been made within 24 months before the date of the announcement of the Acquisition, that are known, after reasonable inquiry, to the REIT or to any trustee or senior officer of the REIT. For greater certainty, the Prior Appraisals set out below are not "prior valuations" for the purposes of MI 61-101.

### **Prior Appraisals**

The Prior Appraisals were prepared by Cushman in conformity with the Canadian Uniform Standards of the Professional Appraisal Practice adopted by the Appraisal Institute of Canada and were performed on the Acquisition Properties on April 1, 2014. The aggregate value of the Acquisition Properties under the Prior Appraisals exceeded the aggregate value ascribed to the Acquisition Properties under the Independent Appraisals. This was the result of a number of factors relating to updated developments in the office real estate market and Canadian economy, as well as the various values ascribed to the assumptions used by each of Cushman and Altus Group, including, forecasted management fees, market rents, expected growth rates for market rents, and other non-recoverable operating expenses, selected capitalization rates and stabilized NOI forecasts, in arriving at the appraised value of each of the Acquisition Properties. In addition, the Independent Appraisals were performed by a different appraiser than the appraiser who performed the Prior Appraisals and such valuations are based on a number of subjective measures and assumptions that have been applied in the professional judgment of the relevant appraiser.

The fact that the appraisals were conducted on different dates than the Independent Appraisals may also affect the appraisal values. The following table shows the date(s) and market values estimated by each of the Prior Appraisals:

#### *Prior Appraisals*

<b>Property</b>	<b>Date</b>	<b>Market Value</b>
Woodbine Complex	April 1, 2014	\$77,000,000
Centennial Centre Complex	April 1, 2014	\$36,200,000
2285 Speakman Drive	April 1, 2014	\$31,700,000
2599 Speakman Drive	April 1, 2014	\$25,900,000
1 Eva Road	April 1, 2014	\$19,700,000

<b>Property</b>	<b>Date</b>	<b>Market Value</b>
Queen's Plate	April 1, 2014	\$15,700,000
Meadowpine Corporate Centre	April 1, 2014	<u>\$12,100,000</u>
<b>Aggregate Value</b>		<b><u>\$219,000,000</u></b>

The foregoing is a summary of the conclusions reached in such formal valuations. Caution should be exercised in the evaluation and use of the results of a formal valuation, such as those contained in the Prior Appraisals. A formal valuation is an estimate of market value as at a particular date. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Prior Appraisals are based on various assumptions of future expectations and while Cushman's internal forecasts of NOI for each of the Acquisition Properties are considered to be reasonable at time of the valuation, some of the assumptions may not materialize or may differ materially from actual experience in the future.

## DESCRIPTION OF THE ACQUISITION PROPERTIES

The Acquisition Properties consist of seven office properties comprising an aggregate of approximately 1.1 million square feet of GLA, located in attractive submarkets within the GTA, which are currently 90.2% leased as at September 1, 2014, and will increase the REIT's asset base by approximately 59% to over 2.9 million square feet, with an enhanced footprint in the GTA.

### *Overview*

The following table highlights certain information about the Acquisition Properties, including occupancy levels, which are set out as at September 1, 2014:

<b>Property</b>	<b>City</b>	<b>GLA (sq. ft.)</b>	<b>Occupancy</b>	<b>Site Area (acres)</b>
Woodbine Complex	Markham	360,574	90.2%	12.1
Centennial Centre Complex	Toronto	235,605	91.0%	11.3
2285 Speakman Drive	Mississauga	126,270	100.0%	5.7
2599 Speakman Drive	Mississauga	111,461	86.1%	8.4
Queen's Plate	Toronto	93,770	76.3%	3.0
1 Eva Road	Toronto	90,747	90.1%	2.5
Meadowpine Corporate Centre	Mississauga	59,094	96.9%	3.8
<b>TOTAL</b>		<b>1,077,521</b>	<b>90.2%</b>	<b>46.8</b>

### **Property Descriptions**

#### *Woodbine Complex*

The Woodbine Complex located at 7030, 7050 and 7100 Woodbine Avenue, and 55 and 85 Idema Road, Markham, Ontario, is a suburban office / flex office complex totaling approximately 295,000 square feet. The property is situated on 12 acres and comprises three low to mid-rise office buildings ranging from four to nine storeys fronting on Woodbine and Steeles. The complex, located in the Town of Markham, has a prominent and visible location at the northwest corner of Steeles Avenue East and Woodbine Avenue, just east of Highway 404. Both Steeles and Woodbine Avenue are primary transportation routes and Highway 404 is the major north / south highway in the area with average daily traffic volume of over 250,000 vehicles. Woodbine & Steeles Corporate Centre is directly serviced by bus routes operated by the TTC and York Region Transit as well as the Green VIVA express line operated by York Region. These routes connect to several regional GO Transit train stations nearby. These routes also include a direct link to the Don Mills and/or Victoria Park subway stations to the south, which provide service to the rest of Toronto.

55 Idema Road is a single-storey office building forming part of the Woodbine & Steeles Corporate Centre. The property has undergone a significant renovation and upgrade to bring it to a Class A flex office standard,

including such major items such as a new roof, skylights and glass curtain wall. The sole tenant is Lenovo, a multinational computer technology company, under a long-term lease for the property.

85 Idema Road is a single-storey flex office building forming part of the Woodbine & Steeles Corporate Centre. The sole tenant in the building is Mid-Range Computers, a leading provider of hardware and software sales and services with clients such as IBM and Oracle.

#### *Centennial Centre Complex*

The Centennial Centre Complex located at 5395 – 5409 Eglinton Avenue West, Toronto, Ontario is an office campus consisting of eight separate low-rise commercial buildings. The buildings are comprised of two or three storey townhouse style office suites with the exception of 5395 Eglinton Avenue West, which is a single-storey restaurant. The complex is landscaped and occupies a high profile location on the south side of Eglinton Avenue West, just west of Renforth Drive. The Centennial Centre is serviced by the TTC and Mississauga Transit and is expected to be located directly across from the future Mississauga BRT Renforth Station. Major tenants in the complex include HVM Canada and The Farrow Group.

#### *2885 Speakman Drive*

2285 Speakman Drive located at 2285 Speakman Drive, Mississauga, Ontario is a four-storey office building located on the north side of Speakman Drive, in the Sheridan Science and Technology Park. The building is 100% leased to Candu Energy. This single-tenant building offers large floor plates of 32,000 square feet, institutional style finishes, upgraded washrooms and a full service kitchen and cafeteria with an exterior patio area. There are numerous amenities within a short distance of the property including restaurants, entertainment venues, shopping centres, daycares and other services.

#### *2599 Speakman Drive*

2599 Speakman Drive located at 2599 Speakman Drive, Mississauga, Ontario is a two-storey office building located on the north side of Speakman Drive, in the Sheridan Science and Technology Park. The building's main tenant is Candu Energy. The building offers large floor plates of approximately 56,000 square feet, 10' ceilings, high quality finishes and a cafeteria. There are numerous amenities within a short distance of the property including restaurants, entertainment venues, shopping centres, daycares and other services.

#### *Queen's Plate*

Queen's Plate is located at 135 Queen's Plate Drive, Toronto, Ontario is a 6-storey, Class A office building occupying a prominent location at the northeast corner of Queen's Plate Drive and Rexdale Boulevard. The property is located near Pearson International Airport and in proximity to a number of major 400 series highways. The property is also serviced by public transit and is within proximity to the Woodbine Race Track and Woodbine Shopping Centre. The building has a glass façade, lobby and ample availability of surface and underground parking. Major tenants include Loopstra Nixon LLP (Rexlaw Management), Canes Family Health and The Government of Canada.

#### *1 Eva Road*

1 Eva Road located at 1 Eva Road, Toronto, Ontario is a four-storey office building located on the south side of Eva Road, just east of The West Mall in the Highway 427 office node. The building has significant frontage on and visibility from Highway 427. The property has recently undergone a significant renovation and upgrade to the exterior and façade along with the building lobbies and common areas. The property is leased to a diverse group of smaller tenants with no tenant accounting for more than 10,000 square feet. On-site amenities for tenants include a cafe and boardroom available for tenant use.

### *Meadowpine Corporate Centre*

The Meadowpine Corporate Centre is located at 2400, 2410, 2420 and 2430 Meadowpine Boulevard, Mississauga, Ontario is an office complex consisting of four two-storey office buildings totaling approximately 59,000 square feet. The four buildings are located in an attractive campus setting that is extensively landscaped, complete with a central courtyard. The buildings feature glass exteriors and large floor to ceiling windows which creates bright and open office space for tenants. The site is fully serviced by Mississauga Transit and has convenient access to Highway 401.

### **Environmental and Property Condition Assessment of Acquisition Properties:**

The REIT engaged the Independent Property Consultant to prepare the Environmental Site Reconnaissance Letters and Property Condition Assessments. In addition, the Independent Property Consultant conducted an environmental peer review (“**EPR**”) of the Phase I ESA Reports (as defined below) other than for the Woodbine Complex, for which it prepared the Updated Phase I ESA Report (as defined below).

### *Environmental Site Assessments*

Each of the Acquisition Properties was the subject of a 2012 phase I site assessment report prepared by Vertex Environmental Services Inc., other than the Woodbine Complex which was subject to a 2012 phase I site assessment report prepared by Pinchin Ltd. (collectively, the “**Phase I ESA Reports**”). The Independent Property Consultant conducted an EPR of the Phase I ESA Reports (other than the Woodbine Complex) in conjunction with the environmental site reconnaissance in order to identify potential issues of environmental concern associated with each such Acquisition Properties, based on the information collected and provided by others. The Woodbine Complex had an update phase I site assessment report dated September 19, 2014 prepared by the Independent Property Consultant (“**Updated Phase I ESA Report**”).

The EPR noted that the Phase I ESA Reports (other than the Woodbine Complex) were completed in general accordance with the Canadian Standards Association standard Z768-01, dated November 2001 (as reaffirmed in 2012), including (i) a review of previous environmental reports available for each of the Acquisition Properties; (ii) a historical review of each of the Acquisition Properties and surrounding properties; (iii) a review of available regulatory databases; (iv) interviews; and (v) an evaluation of information and reporting, subject to report qualifications and limitations.

The EPR noted the purpose of these Phase I ESA Reports (other than the Woodbine Complex) was to evaluate known and potential environmental contamination issues at the Acquisition Properties. Intrusive sampling and analysis were not part of the assessment. Based on EPR of the Phase I ESA Reports (other than the Woodbine Complex), no recognized environmental conditions that warranted further environmental assessment or investigation at any of the Acquisition Properties was identified. For the Woodbine Complex, the Updated Phase I Report noted that there were off-site activities identified, namely an adjacent retail fuel outlet, which could result in potential subsurface impacts at the site. As a result, the Special Committee commissioned the Independent Property Consultant to prepare the Phase II ESA Report. The purpose of the Phase II ESA Report was to address the potential issues of environmental concern identified during the Phase I ESA Report. The Phase II ESA Report did not identify anything that would require further environmental work or subsurface investigation at the present time.

### *Environmental Site Reconnaissance*

The Independent Property Consultant conducted environmental site reconnaissance on the Acquisition Properties, other than the Woodbine Complex for which the Updated Phase I ESA Report and Phase II ESA Report were completed, on October 1, 2014 to determine if any changes had occurred at the site or surrounding land uses since the preparation of the Phase I ESA Reports and prepared the Environmental Site Reconnaissance Letters reporting their conclusions. The Environmental Site Reconnaissance Letters state that the Acquisition Properties (other than the Woodbine Complex) have undergone typical renovations due to tenant turnover, but that no major renovations or changes have taken place since the Phase I ESA Reports. Further, the Environmental Site

Reconnaissance Letters state that surrounding land uses were consistent with those reported in the Phase I ESA Reports.

The Special Committee is not aware of any material non-compliance with environmental laws at any of the Acquisition Properties that the Special Committee believes would have a material adverse effect on the REIT. The Special Committee is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Acquisition Properties that would materially affect the REIT. It is expected that the REIT will implement policies and procedures to assess, manage, and monitor environmental conditions at the Acquisition Properties and to manage exposure to liability. However, there can be no assurance that any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any facility did not create a material environmental condition not known to the REIT or that a material environmental condition does not or will not otherwise exist with respect to the Acquisition Properties.

#### *Property Condition Assessments*

The Independent Property Consultant prepared Property Condition Assessments for each of the Acquisition Properties, on dates ranging from September 12, 2014 to October 2, 2014, to determine and document the existing condition of each building. The Property Condition Assessments identify and quantify any major defects in materials or systems which might significantly affect the value of any of the Acquisition Properties or the continued operation thereof. In addition to required regular maintenance on the various components of the buildings, each of the Property Condition Assessments assessed both work required to be completed immediately (i.e., within 90 days of the assessment) and work recommended to be completed during the subsequent ten years in order to maintain the building in an appropriate condition.

Based on the Property Condition Assessments, each of the Acquisition Properties was determined to be in good condition commensurate with their age and comparable to other similar properties in their respective markets.

The Property Condition Assessments identified immediate work of approximately \$14,000 and ongoing capital expenditures for the Acquisition Properties in the amount of approximately \$12.4 million over the next ten years, which relate to normal maintenance capital expenditures, the majority of which are recoverable from tenants or paid directly by tenants pursuant to net leases.

### **CONSIDERATION**

#### **Issuance of Units, Class B LP Units and Special Voting Units**

In connection with the Acquisition, 2,794,363 Units and 2,316,748 Class B LP Units of the Acquisition Partnership (and the accompanying 2,316,748 Special Voting Units), will be issued or delivered, as applicable, to Slate GTA or its designee, which Units and Class B LP Units will each be issued and delivered at a deemed price of \$9.00 to Slate GTA or its designee.

The Class B LP Units to be issued by the Acquisition Partnership in connection with the completion of the Acquisition will have the same attributes, in all material respects, as the outstanding Class B LP Units of FAM LP. The Class B LP Units will be economically equivalent to and exchangeable for Units and will be accompanied by Special Voting Units of the REIT (which will provide the holder thereof with voting rights in respect of the REIT). Each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments) and is entitled to receive distributions of cash from the Acquisition Partnership equal to the distributions that the holder of the Class B LP Unit would have received if it was holding one Unit (subject to customary anti-dilution adjustments) instead of the Class B LP Unit.

As at October 24, 2014, Huntingdon (together with its Affiliates) holds an approximate 30.7% effective interest (undiluted) in the REIT through the ownership of, or the control or direction over, 1,648,278 Units, 2,977,132 Class B LP Units and the accompanying 2,977,132 Special Voting Units. Following the completion of the Huntingdon Transaction and the Acquisition, and assuming the subsequent transfer by Slate of 2,794,363 Units to Incore pursuant to the Incore Transfer, Slate (together with its Affiliates) will hold an approximate 34.4% effective

interest (undiluted) and an approximate 31.9% effective interest (fully diluted) in the REIT through its ownership of, control or direction over 1,648,278 Units, 5,293,880 Class B LP Units and the accompanying 5,293,880 Special Voting Units, and Incore will hold an approximate 13.8% effective interest (undiluted) in the REIT through the ownership of, or the control or direction over, 2,794,363 Units. See “Risk Factors” for further information.

### **New Mortgages**

As part of the Acquisition, the REIT intends to fund the cash portion of the Consideration for the Acquisition through the New Mortgages on each of the Acquisition Properties, which are expected to be first mortgage financings in an aggregate principal amount of approximately \$144.0 million. The REIT expects the New Mortgages to fund on the date of completion of the Acquisition. The New Mortgages will be floating rate, first mortgage financing with a 24 month term, interest rate of 2.25% over the 90-day Canadian Bankers’ Acceptance rate and secured by each of the Acquisition Properties. There will be no upfront fees payable related to the New Mortgages.

### **Pro Forma Indebtedness to Gross Book Value Ratio**

The Declaration of Trust provides that the REIT may not incur or assume any Indebtedness if, after incurring or assuming such Indebtedness, the total Indebtedness of the REIT would be greater than 65% of Gross Book Value. After giving effect to the Acquisition, but excluding any mark-to-market adjustments, the Special Committee believes that pro forma Indebtedness, as at June 30, 2014, would be approximately \$281.6 million, representing approximately 59% of Gross Book Value.

## **RISK FACTORS**

*Unitholders should carefully consider the risks related to the Acquisition described below, as well as the risk factors described in the AIF, the REIT’s most recent MD&A and other information elsewhere in this Circular, before determining whether to vote in favour of the Acquisition Resolution. If any of such or other risks occur, the REIT’s business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that case, the trading price of the Units could decline and Unitholders could lose all or part of their investment in the REIT. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.*

### **Risks Related to the Acquisition**

#### *Possible Failure to Complete the Acquisition*

Completion of the Acquisition is subject to the satisfaction of certain closing conditions, including the receipt of the approval of a majority of the Minority Unitholders present in person or represented by proxy at the Meeting, TSX approval, *Competition Act* (Canada) approval and the completion of the Huntingdon Transaction and the REIT entering into acceptable financing arrangements to pay the cash portion of the Consideration, which the REIT currently expects to fund pursuant to the New Mortgages. Accordingly, there is no assurance that the Acquisition will be completed or, if completed, will be on terms that are the same as those disclosed in this Circular. In addition, if completion of the Acquisition does not occur as contemplated, the REIT will not realize the benefits described in this Circular and could suffer adverse consequences, including loss of investor confidence.

#### *Possible Failure to Obtain New Mortgages*

While the terms of the New Mortgages have been negotiated and approved pursuant to the New Mortgage Term Sheet, the lenders thereunder, in certain cases, have not committed to provide any financing pursuant to such mortgages. As a result, there is no assurance that all or any of the New Mortgages will be obtained or, if obtained, will be on terms that are exactly the same as disclosed in this Circular. Obtaining the New Mortgages on terms less favourable to the REIT could adversely impact the REIT’s financial condition and decrease the amount of cash available for distribution. Further, failure to obtain the New Mortgages would require the REIT to obtain alternative

sources of financing for the cash portion of the Consideration for the Acquisition and could result in the Acquisition not being completed or being completed only in part.

#### *Possible Failure to Realize Expected Returns on the Acquisition*

Acquisitions involve risks that could materially and adversely affect the REIT's business plan, including the failure of the Acquisition to realize the results the REIT expects. While the Special Committee believes that, based on analysis provided by its financial advisors (as well as other information deemed appropriate and sufficient for such purposes), the Acquisition is accretive to the REIT's AFFO per Unit, such determination should not be regarded as a guarantee of future performance or results. If the Acquisition fails to realize the results that the REIT expects, the Acquisition could materially and adversely affect the REIT's business plan and could have a material adverse effect on the REIT and its financial results.

#### *Use of Property Appraisals*

Caution should be exercised in the evaluation and use of the Prior Appraisals and the Independent Appraisals. An appraisal is an estimate of market value as at a particular date. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Prior Appraisals and the Independent Appraisals are based on various assumptions of future expectations and while the appraiser's internal forecasts for the Acquisition Properties are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets.

#### *Use of Fairness Opinions*

The Fairness Opinion is directed only to the fairness, from a financial point of view, of the Consideration to be paid to Slate pursuant to the Acquisition Agreement by the REIT. The Fairness Opinion does not address the relative merits of the Acquisition as compared to other business strategies or transactions that might be available to the REIT or the underlying business decision of the REIT to effect the Acquisition. The Fairness Opinion does not constitute a recommendation by TD Securities to any Unitholder as to how such Unitholder should vote or act with respect to any matters relating to the Acquisition.

#### *Assumption of Liabilities*

The REIT will assume liabilities arising out of or related to the Acquisition Properties, and will indemnify Slate GTA in respect of the Acquisition Properties for, among other matters, such liabilities.

#### *Potential Undisclosed Liabilities Associated with the Acquisition*

The REIT has completed its due diligence review of the Acquisition Properties. There may be liabilities, including under applicable environmental laws, that the REIT has failed to discover or is unable to quantify in the due diligence review prior to the closing of the Acquisition and the REIT may not be indemnified for some or all of these liabilities under the Acquisition Agreement. The subsequent discovery or quantification of any material liabilities could have a material adverse effect on the REIT's business, financial condition or future prospects, which may include diminution in the value of the affected properties or the inability to finance or dispose of the affected properties on acceptable terms.



## **Additional Risks Related to the REIT and its Business**

### *Financing Risk*

Certain loan documents relating to the New Mortgages, if obtained, by the REIT upon completion of the Acquisition are expected to contain, among other things, restrictions concerning the change of control of the REIT and its subsidiaries, the change of management of the properties subject to such secured debt, and covenants and events of default relating to the REIT and its subsidiaries. Failure to comply with any such restriction or covenant, or the occurrence of any such events, could result in an event of default under the applicable loan document. Upon the occurrence of an event of default, the New Mortgages could be accelerated, which in turn could adversely impact the REIT's business operations, financial condition and results of operations and may decrease the amount of cash available for distribution.

### *Significant Ownership by Huntingdon and/or Slate*

As at October 24, 2014, Huntingdon (together with its Affiliates) holds an approximate 30.7% effective interest (undiluted) in the REIT through the ownership of, or the control or direction over, 1,648,278 Units, 2,977,132 Class B LP Units and the accompanying 2,977,132 Special Voting Units. Following the completion of the Huntingdon Transaction, the Acquisition and the subsequent transfer by Slate of 2,794,363 Units to Incore pursuant to the Incore Transfer, Slate (together with its Affiliates) will hold an approximate 34.4% effective interest (undiluted) and an approximate 31.9% effective interest (fully diluted) in the REIT through its ownership of, control or direction over 1,648,278 Units, 5,293,880 Class B LP Units and the accompanying 5,293,880 Special Voting Units. If the Incore Transfer is not completed, Slate (together with its Affiliates) could hold an approximate 48.3% effective interest in the REIT upon completion of the Acquisition. Accordingly, following the Acquisition, Huntingdon and/or Slate will continue to have the ability to exercise influence with respect to the affairs of the REIT, significantly affect the outcome of Unitholder votes and may have the ability to effectively prevent certain fundamental transactions. Huntingdon and/or Slate's significant effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor might otherwise receive a premium for its Units over the then Current Market Price.

Class B LP Units of FAM LP are, and the Class B LP Units of the Acquisition Partnership when issued will be, exchangeable at the option of the holder for Units on a one-for-one basis (subject to customary anti-dilution adjustments). In addition, if Slate causes its Affiliates to exchange such securities for Units, and sells Units in the public market, the market price of the Units could decrease. The perception among the public that these sales will occur could also produce such effect.

### *Taxation Matters*

Unless the REIT qualifies for the REIT Exception at all material times, the SIFT Rules would apply to the REIT. The SIFT Rules effectively tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation. If the REIT is subject to the SIFT Rules, Unitholders could be materially and adversely affected. The conditions for the REIT Exception to apply to the REIT are comprised of a number of technical tests based on, among other factors, the revenue and assets of the REIT, and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of the taxation year. The Special Committee has considered the Acquisition and, after consultation with its financial and tax advisors, believes that neither the Acquisition nor the REIT's indirect ownership of the Acquisition Properties will adversely affect the REIT's ability to qualify for the REIT Exception throughout 2014 or in any subsequent taxation year (and will also not affect the REIT's ability to continue to qualify as a "mutual fund trust" within the meaning of the Tax Act at all material times). However, no assurance can be given in this regard.

It is intended that the Acquisition Properties will be acquired by the Acquisition Partnership for an amount for income tax purposes that will be less than the fair market value of such properties by way of tax-deferred rollover, thereby reducing the gain on disposition that would otherwise result to Slate GTA. If one or more of the Acquisition Properties are disposed of, any income inclusion as a consequence of the recapture of previously claimed capital cost allowance (in the case of depreciable property) and/or any gain realized by the Acquisition

Partnership will be greater than the income inclusion and/or gain which would have been realized had such properties been acquired by the Acquisition Partnership at their fair market value for income tax purposes. Furthermore, since certain depreciable property will be acquired by the Acquisition Partnership with a cost for income tax purposes which may be less than the fair market value of such depreciable property at the time of acquisition, the amount of capital cost allowance available to be applied against the income of the Acquisition Partnership may be reduced. These tax consequences may affect the extent to which distributions from the REIT are taxable to Unitholders.

## EXPENSES OF THE ACQUISITION

The REIT expects to incur expenses of approximately \$1.3 million in connection with the Acquisition, including financial advisory, accounting, information agent and legal fees, the costs of preparation, printing and mailing of this Circular and other related documents and agreements, and stock exchange and regulatory filing fees. The REIT will pay the expenses of the Acquisition out of cash on hand and/or through a drawdown of its Credit Facility. The REIT may allocate its expenses amongst one or more of its Affiliates.

## ACQUISITION RESOLUTION

At the Meeting, Minority Unitholders will be asked to consider and, if deemed advisable, approve the following resolution:

“BE IT RESOLVED THAT:

- (a) the indirect acquisition (the “**Acquisition**”) by FAM Real Estate Investment Trust (the “**REIT**”), through FAM Management Limited Partnership or a newly-formed limited partnership that is affiliated with and controlled by the REIT (the “**New Partnership**”, and the partnership that is the purchaser under the Acquisition, the “**Acquisition Partnership**”), of a portfolio of seven office properties (the “**Acquisition Properties**”) from Slate GTA Office Properties Inc. or other entities controlled by Slate Properties Inc. (collectively, the “**Slate GTA**”), for an aggregate purchase price of \$190.0 million, subject to adjustment as set forth in the Acquisition Agreement, to be satisfied by a combination of:
  - (A) approximately \$144.0 million in cash, to be funded with the proceeds of approximately \$144.0 million aggregate principal amount of new mortgage debt to be incurred on the Acquisition Properties or such other source or sources of financing as the Trustees of the REIT deem necessary or advisable in the circumstances; and
  - (B) the delivery by the Acquisition Partnership to Slate GTA or its designee of approximately 2,794,363 trust units of the REIT (“**Units**”) and the issuance by the Acquisition Partnership of 2,316,748 Class B limited partnership units (“**Class B LP Units**”) of the Acquisition Partnership, which are economically equivalent to and exchangeable for Units at a deemed issue price of \$9.00 per Unit or Class B LP Unit, as applicable, , and, with respect to the Class B LP Units, the delivery of the accompanying 2,316,748 special voting units of the REIT (which will provide holders thereof with voting rights in respect of the REIT) (“**Special Voting Units**”) representing an aggregate number of 5,111,111 Units to be issued or issuable (which includes, for greater certainty, the Units issuable in connection with the exercise of the Class B LP Units) in connection with the Acquisition which represent approximately 34.0% of voting units of the REIT outstanding as at October 24, 2014 before giving effect to the Acquisition, on a non-diluted basis, and the material effect on the control of the REIT that such delivery and issuance of Units and Class B LP Units will, in the opinion of the TSX, have;

as described in the REIT’s information circular dated October 30, 2014 (the “**Circular**”) is hereby authorized and approved;

- (b) if the New Partnership is the Acquisition Partnership, certain consequential amendments to the Declaration of Trust of the REIT which are necessary and desirable in order to reflect and give effect to the completion of the Acquisition on the terms set out in the Circular and the Acquisition Agreement, including such amendments, additions and deletions thereto necessary to reflect the creation of the Acquisition Partnership, the issuance of Class B LP Units of the Acquisition Partnership and the accompanying Special Voting Units and the amendment of the Exchange Agreement to allow such Class B LP Units of the Acquisition Partnership to be exchanged for Units are hereby authorized and approved;
- (c) all other matters related to the Acquisition as described in the Circular are hereby authorized and approved;
- (d) notwithstanding that this resolution has been duly passed by the unitholders of the REIT, the trustees of the REIT are hereby authorized and empowered, without further notice to, or approval of, the unitholders of the REIT, not to proceed with the aforementioned acquisition; and
- (e) any trustee or officer of the REIT is authorized to execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things as such trustee or officer of the REIT shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matter authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.”

Pursuant to the requirements under MI 61-101 and the TSX rules concerning the issuance of securities, the foregoing resolution must be approved by the affirmative vote of a majority of votes cast by Minority Unitholders present in person or represented by proxy at the Meeting.

As of October 24, 2014, Huntingdon holds an approximate 30.7% effective interest in the REIT through ownership, or direction or control over 1,648,278 Units, 2,977,132 Class B LP Units and the accompanying 2,977,132 Special Voting Units. Accordingly, votes attached to an aggregate of 1,648,278 Units and 2,977,132 Special Voting Units will be excluded from determining whether or not the foregoing resolution has been approved.

**The Acquisition may constitute a “related party transaction” pursuant to Multilateral Instrument 61-101– *Protection of Minority Security Holders in Special Transactions* and, accordingly, the Special Committee has negotiated, reviewed and considered the Acquisition. Slate Capital, an affiliate of Slate GTA, may be considered a “related party” of the REIT by virtue of its agreement to acquire all of the issued and outstanding shares of Huntingdon pursuant to the Huntingdon Transaction. Should the Huntingdon Transaction close, Slate will, among other things, effectively assume Huntingdon’s obligations as the REIT’s manager and become the indirect owner of all Units, Class B LP Units of FAM LP and Special Voting Units held by Huntingdon. The Acquisition is conditional upon, among other things, completion of the Huntingdon Transaction and the Acquisition Resolution being approved by the affirmative vote of a majority of Unitholders present in person or represented by proxy at the Meeting, excluding votes cast by or on behalf of Huntingdon, Slate and their respective Affiliates.**

**The Special Committee has unanimously recommended to the Board that they recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting. The Trustees (other than Mr. Zachary R. George who recused himself) unanimously recommend that Unitholders vote FOR the Acquisition Resolution at the Meeting.**

#### **ARRANGEMENTS WITH HUNTINGDON AND SLATE**

The REIT’s wholly-owned properties are currently managed by Huntingdon. Huntingdon is a real estate operating company listed on the TSX. Huntingdon owns and manages a portfolio of industrial, office, retail and aviation-related properties throughout Canada. Huntingdon is located at 5000 Miller Road, Suite 2000, Richmond,

BC, V7B 1K6. Should the Huntingdon Transaction close, Slate will, among other things, acquire control of Huntingdon and become the indirect owner of all of the Units, the Class B LP Units of FAM LP and the Special Voting Units held by Huntingdon.

### **Management Agreement**

The REIT and Huntingdon are party to a management agreement (the “**Management Agreement**”) dated December 28, 2012, pursuant to which Huntingdon provides the REIT with strategic, asset management, administrative, property management, leasing, construction management and administrative services necessary to manage the day-to-day operations of the REIT and its assets. Huntingdon provides such administrative, executive and management personnel as may be reasonably necessary to perform its obligations by using its own employees. Huntingdon also provides personnel who serve as the Chief Executive Officer and the Chief Financial Officer of the REIT. Should the Huntingdon Transaction close, Slate will, among other things, acquire control of Huntingdon. References in this section to the “**Manager**”, shall refer to Huntingdon (both before and after Slate’s acquisition of Huntingdon pursuant to the Huntingdon Transaction).

On August 12, 2014, the REIT and Huntingdon entered into an amended and restated management agreement (the “**Amended Management Agreement**”) that will become effective upon the completion of the Huntingdon Transaction. Pursuant to the Amended Management Agreement, the REIT’s strategy will concentrate on acquiring, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with office properties in Canada, including data centres.

### *Fees and Expenses*

The Manager is entitled to the following fees for its management services pursuant to the Management Agreement (and pursuant to the Amended Management Agreement following completion of the Huntingdon Transaction):

- (a) a “base management fee” equal to 0.3% of the GBV of the REIT’s assets;
- (b) a “property management fee” equal to 3.0% of the gross revenues collected and remitted from the REIT’s assets;
- (c) an “acquisition fee” equal to 1.0% of the purchase price on the first \$100 million of properties acquired in each fiscal year; (ii) 0.75% of the purchase price on the next \$100 million of properties acquired each fiscal year, and (iii) 0.50% of the purchase price on properties in excess of \$200 million acquired in each fiscal year; provided that no acquisition fee was payable in respect of the Initial Properties and no acquisition fee is payable any properties owned by Huntingdon or any of its subsidiaries at the time of the closing of the IPO if such properties are subsequently acquired by the REIT;
- (d) a “financing fee” equal to 0.25% of the value of any debt financing payable on transaction completion;
- (e) a “leasing fee” equal to 5.0% of the base rent for all new leases and 2.0% of base rent for all renewals of existing leases and expansion of leased premises, payable on the signing of a binding lease, extension, renewal or amending document; and
- (f) a “construction management fee” equal to 5.0% of all costs of any construction activity undertaken by the REIT, payable at the time payments for construction are made. Construction activities include all tenant and building improvements undertaken by the REIT but exclude maintenance capital expenditures.

The Manager is also entitled to receive reimbursement for all reasonable out-of-pocket costs and expenses incurred by the Manager in the performance of its duties under the Management Agreement (and pursuant to the

Amended Management Agreement following completion of the Huntingdon Transaction), consistent with industry standards in such regard. Reimbursable expenses are reimbursed to the Manager on a monthly basis. For greater clarity, reimbursable expenses do not include any mark-up or profit component for the Manager. These reimbursements include, among other things, landlord reimbursements and recoveries as well as property administration fees allowable under the tenant leases relating to assets or resources of the Manager that are directly attributable to the management of the REIT's properties, including those relating to: (i) employment expenses of property-related personnel (salaries, wages, cost of employee benefit plans, etc.) and (ii) expenses related to on-site offices. For greater clarity, the Manager is not be reimbursed for corporate-level general and administrative expenses.

The Manager does not charge any disposition fees.

In addition, the Manager will be reimbursed for all third party costs and out-of-pocket expenses incurred in connection with the performance of the services described in the Management Agreement (and pursuant to the Amended Management Agreement following completion of the Huntingdon Transaction) or such other services which the REIT and the Manager agree in writing are to be provided from time to time by the Manager, including: (i) interest and other costs of borrowed money; (ii) legal, accounting and other professional advisors, appraisers and consultants; (iii) fees/expenses incurred in connection with acquisitions, dispositions and ownership of property or mortgage loans or other property; (iv) insurance; (v) travel and accommodation expenses; and (vi) incorporation, organization and maintenance of subsidiaries of the REIT.

#### *Term and Termination*

The Management Agreement has an initial term of 10 years (the “**Initial Term**”) and is renewable for further five year terms (the “**Renewal Terms**”, and together with the Initial Term, the “**Term**”), unless and until the Management Agreement is terminated in accordance with the provisions thereof. Subject only to the termination provisions in the Management Agreement, Huntingdon will automatically be re-engaged at the expiration of each Term. Huntingdon has the right, at any time, but upon 180 days' prior written notice, to terminate the Management Agreement for any reason. Huntingdon may also terminate the Management Agreement upon the occurrence of an “event of default” (as defined in the Management Agreement) of the REIT.

The REIT will have the right to terminate the Management Agreement upon an “event of default” (being a bankruptcy, fraud or material uncured breach) by the Manager. The REIT may also terminate the Management Agreement, upon three months' prior written notice, at the expiry of the Initial Term and thereafter upon the expiry of each ensuing Renewal Term provided that: (i) a majority of the Independent Trustees determine that the services of the Manager under the Management Agreement are unsatisfactory; (ii) such termination is approved by at least two-thirds of the votes cast by Unitholders at a duly called meeting of Unitholders; and (iii) a termination fee in an amount equal to the fees payable to the Manager for the prior 12-month period is paid to the Manager. For greater clarity, no termination fee will be payable where the Management Agreement is terminated due to an event of default of the Manager or where the Management Agreement is terminated by the Manager (other than in connection with an event of default of the REIT). Upon the Amended Management Agreement becoming effective, the existing termination right pursuant to (ii) in the second sentence of this paragraph will be modified such that the required vote of two-thirds of votes cast by Unitholders and holders of Special Voting Units voting together will now exclude Units or Special Voting Units held by the Manager or any of its Affiliates.

Upon termination of the Management Agreement or the Amended Management Agreement, as the case may be, for any reason (other than for a Manager “event of default” or by the Manager for convenience), the REIT has agreed to fully indemnify the Manager from and against any and all severance costs (if any) actually incurred by the Manager in respect of employees of the Manager arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement or the Amended Management Agreement, as the case may be, in respect of the period after the closing of the REIT's Initial Public Offering that each such employee has worked on REIT matters and based on the proportion of each such employee's services attributable to REIT matters.

Upon the Amended Management agreement becoming effective, the REIT will also have the right to terminate the Amended Management Agreement at any time after December 28, 2022 upon achieving an equity

market capitalization of \$750 million, if (i) a majority of the independent trustees of the REIT have determined it is in the best interests of the REIT to internalize the services provided pursuant to the Management Agreement and (ii) such internalization is approved by at least two-thirds of votes cast by unitholders and holders of special voting units (excluding any units and special voting units held by the Manager and its affiliates). Upon such termination, the REIT must pay the Manager an additional amount equal to the Manager's aggregate annual management fees earned for the preceding 12-month period and reimburse the Manager for all severance costs actually incurred by the Manager (or its affiliates) in respect of employees of the Manager (or its affiliates) arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement. For greater certainty, such severance costs shall apply in respect of the period from the closing of the REIT's Initial Public Offering that each such employee has worked on REIT matters and will be based on the proportion of each such employee's services attributable to REIT matters.

The REIT will also have the right to terminate the Amended Management Agreement in the event that both of Messrs. Blair Welch and Brady Welch, the founding partners of Slate, are no longer associated with Slate ("**Loss of Key Men**"), provided that the independent trustees of the REIT reasonably determine that the Loss of Key Men is detrimental to the Manager's performance of its obligations to the REIT. This termination right shall not apply following the REIT achieving an equity market capitalization of \$750 million.

On the termination of the Amended Management Agreement, for any reason other than due to (i) an event of default by the Manager, (ii) the Loss of Key Men, (iii) an event of default by the REIT due to the insolvency of the REIT or (iv) the Manager terminating the agreement upon 180 days' prior written notice, and subject to compliance with applicable laws, the REIT shall use commercially reasonable best efforts to facilitate the disposition (but in any event, ensure such disposition is completed within six months following receipt of notice of the Manager's decision to proceed with a disposition) of the units owned by the Manager or its affiliates (including securities at the time of termination convertible, exchangeable or redeemable into units (including limited partnership units of an affiliate of the REIT and special voting units)) at a price not less than 95% of the 20 day volume weighted average price on the date the Manager received notification of such termination, provided that such number of units shall not exceed such number of units as would have an aggregate purchase price (as calculated in accordance with the foregoing) of \$75,000,000.

#### *Management Restrictions*

During the term of the Management Agreement, the Manager and its officers and directors are not to, directly or indirectly, individually or in partnership or jointly or in conjunction with any person(s): (i) create or manage another real estate investment trust focused on the ownership of industrial, office or retail properties in Canada and/or the U.S. (the "**Restricted Investments**"); (ii) invest in, purchase or finance the purchase of any assets which constitute Restricted Investments and meet the investment criteria of the REIT, unless such investment opportunity has first been offered to the REIT (on no less favourable terms) and the REIT has declined to purchase such assets; or (iii) solicit tenants, suppliers, employees, consultants, advisers, partners, trustees, directors, officers or agents away from the REIT or its facilities, or otherwise interfere with relationships that the REIT has with such persons.

Upon the Amended Management Agreement becoming effective, the definition of "Restricted Investments" will mean office revenue producing real property, where the revenue of such real property is primarily derived from office tenants, which meets the "Investment Guidelines and Operating Policies" of the REIT set out in the REIT's Declaration of Trust.

#### *Non-Solicitation*

During, and for a period of two years following termination of the Management Agreement or the Amended Management Agreement, as the case may be, the REIT will not (without the consent of the Manager), solicit or hire for employment any employee of the Manager (other than non-executives who respond to an advertisement available to the general public), provided that the REIT will be entitled to solicit any non-executive employee of the Manager in respect of whom the REIT is required to pay any and all severance costs (if any) actually incurred by the Manager in respect of employees of the Manager arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement

or the Amended Management Agreement, as the case may be, in respect of the period after closing of the REIT's Initial Public Offering that each such employee has worked on REIT matters and based on the proportion of each such employee's services attributable to REIT matters.

From January 1, 2013 to September 30, 2014, \$6.1 million was paid or payable by the REIT to Huntingdon pursuant to the Management Agreement. As of the date hereof, there is no outstanding indebtedness owed by the REIT to Huntingdon other than the VTB Loan. Unless otherwise disclosed herein, Huntingdon has not entered into any transactions or arrangements with the REIT since the beginning of the REIT's most recently completed financial year.

### **Exchange Agreement**

The REIT, FAM LP and Huntingdon are party to an exchange agreement (the "**Exchange Agreement**") dated December 28, 2012, which governs the mechanics by which Huntingdon may require the REIT to exchange each Class B LP Unit of FAM LP for one Unit (the "**Exchange Right**"), subject to customary anti-dilution adjustments and certain other pursuant to the Declaration of Trust. The Exchange Agreement provides that, so long as Huntingdon, directly or indirectly, holds at least a 10% ownership interest in the REIT, calculated on a fully-diluted basis, Huntingdon will have, subject to certain exceptions, pre-emptive rights to purchase Class B LP Units and/or Units to maintain its pro rata ownership interest in the REIT in the event that the REIT or any of its subsidiaries decides to issue equity securities, or securities convertible into or exchangeable for equity securities, to third parties. Upon exercise of this right, Huntingdon will be entitled to participate in the issue of such securities at the most favourable price and on the most favourable terms as such securities are offered to any third party.

Pursuant to the terms of the Exchange Agreement, so long as Huntingdon, directly or indirectly, holds at least a 20% ownership interest in the REIT (calculated on a fully-diluted basis) Huntingdon will be granted demand and "piggy-back" registration rights by the REIT that will enable it to require the REIT to file a prospectus and otherwise assist with a public offering of Units, subject to certain limitations. The expenses in respect of the exercise by Huntingdon of its "piggy back" rights, subject to certain exceptions, will be borne by the REIT, except that any underwriting fee on the sale of Units by Huntingdon and the fees of Huntingdon's external legal counsel will be borne by Huntingdon. The expenses in respect of an exercise by Huntingdon of its demand rights, subject to certain exceptions, will be borne by the REIT and Huntingdon on a proportionate basis according to the number of Units distributed by each.

In connection with the Acquisition, if the New Partnership is the Acquisition Partnership, the REIT anticipates amending the Exchange Agreement to address, among other things, the exchange of the Class B LP Units of the Acquisition Partnership and the related "exchange right" that will have the same attributes, in all material respects, as the Exchange Right, in addition to those provided for in respect of the Class B Units of FAM LP.

### **ROFO Agreement**

The REIT and Huntingdon are party to a right of first offer agreement (the "**ROFO Agreement**") dated December 28, 2012, which gives the REIT the right of first offer to acquire industrial, office and retail properties owned or subsequently acquired by Huntingdon and/or its affiliates, prior to disposition of any such properties to a third party which will be on terms not materially less favourable to the REIT than those offered by or to such third party. The REIT expects to be offered assets from Huntingdon as these properties become stabilized and more suitable under the REIT's investment criteria, as disclosed in the REIT's IPO prospectus. It is anticipated that the REIT may from time to time enter into transactions with certain related parties, including Huntingdon or any of its subsidiaries and/or pursuant to the exercise of the REIT's right of first offer under the ROFO Agreement described above, directly or indirectly through FAM LP and/or its direct and indirect subsidiaries.

The ROFO Agreement provides that if at any time and from time to time, Huntingdon determines that it desires to sell, or receives and desires to accept an offer to acquire (directly or indirectly by way of the sale or acquisition of securities), one or more of the industrial, office or retail properties owned or subsequently acquired by Huntingdon and/or its affiliates (a "**Proposed Disposition**"), Huntingdon will, by notice in writing, advise the REIT of such opportunity. Such a notice must outline all of the material terms and conditions of the Proposed Disposition and be accompanied by all material information relating to the Proposed Disposition as is in the control or

possession of Huntingdon. The REIT will have up to 10 business days to notify Huntingdon, in the form of an executed non-binding letter of intent and accompanying refundable deposit, if it intends to acquire the Proposed Disposition. If the REIT reasonably believes that the information contained in the investment proposal is insufficient for it to make an investment decision, and notifies Huntingdon of same, Huntingdon must make reasonable commercial efforts to provide the REIT with such further information as is requested by the REIT and the REIT will have up to 10 business days from receipt of such additional information to notify Huntingdon, in the form of an executed non-binding letter of intent and accompanying refundable deposit, if it intends to acquire the Proposed Disposition. If the REIT is unwilling to acquire the Proposed Disposition at the proposed price, the REIT may counter, in the form of an executed non-binding letter of intent, with a minimum reservation price, below which price Huntingdon would be unable to sell the Proposed Disposition to a third party for a period of 180 days, following which period any sale of the property would be considered a new Proposed Disposition. If the REIT notifies Huntingdon that it does not wish to acquire the Proposed Disposition, or the applicable period for the REIT providing notice to Huntingdon lapses, Huntingdon will be entitled to complete the sale of the Proposed Disposition within the following 180 days to any third party on terms not materially more favourable to the third party than those offered to the REIT. The right of first offer may be subject to the rights of lenders under certain loan documents securing properties in which Huntingdon has an interest.

#### *Amendment to ROFO Agreement*

Effective upon closing of the Huntingdon Transaction, the parties will amend the REIT's "right of first offer" pursuant to the ROFO Agreement described above by limiting the right of first offer to office properties that the Manager owns or in which it has a direct or indirect interest.

#### **Vendor Take-Back Loan Agreement**

As partial consideration for the acquisition of the Initial Properties, the REIT entered into a vendor take-back loan agreement with Huntingdon (the "**VTB Loan**") dated December 28, 2012. The VTB Loan is an unsecured loan with a face value of \$9.2 million, bearing interest at 3.0% per annum and is payable quarterly, with the principal due in full on December 28, 2014. As at September 30, 2014, there was approximately \$9.18 million outstanding under the VTB Loan and the REIT paid approximately \$0.2 million in interest payments on the VTB Loan for the nine-month period ended September 30, 2014.

#### **Slate Voting Support**

Slate has agreed that, for a period of two years from the date of completion of the Huntingdon Transaction, subject to certain limited termination rights, it shall vote all of the Units and Special Voting Units that Slate owns or controls in favour of the REIT's Independent Trustees (both current and any replacements) nominated for election by the REIT's Compensation, Nominating and Governance Committee to serve on the Board of Trustees of the REIT.

#### **INTEREST OF INFORMED PERSONS IN THE PROPOSED ACQUISITION AND OTHER MATERIAL TRANSACTIONS**

Other than as noted in the following paragraphs or as otherwise disclosed in this Circular, there are no material interests, direct or indirect, of any Trustee, executive officer of the REIT or Nominee, any Unitholder that beneficially owns, or controls or directs, (directly or indirectly) more than 10% of the Units or Special Voting Units, or any associate or affiliate of any of the foregoing persons, in any completed transaction since the commencement of the REIT's most recently completed financial year or proposed transaction of the REIT that has materially affected or would materially affect the REIT or any of its subsidiaries.

Mr. Zachary R. George (a Trustee and Chair of the Board of the REIT), Mr. Shant Poladian (the Chief Executive Officer of the REIT) residing in Ontario and Mr. Sandeep Manak (Chief Financial Officer of the REIT) residing in British Columbia all have on-going relationships with Huntingdon. See "Arrangements with Huntingdon and Slate".



On May 13, 2014, the REIT completed a public offering of 1,955,000 Units at a price of \$8.85 per Unit. Concurrent with the closing of such public offering, the REIT issued 831,639 Units on a private placement basis to Huntingdon at a price of \$8.85 per Unit.

On December 20, 2013, the REIT closed the acquisition of 1700 Ellice Avenue, Winnipeg, MB from Huntingdon for a purchase price of \$4.0 million, which was settled through the issuance of 466,094 Class B LP Units, at a price of \$8.58 per unit, representing the 20 day volume weighted average price for the Units as of market close on December 11, 2013. The acquisition was unanimously approved by the Independent Trustees of the REIT.

On August 2, 2013, the REIT completed a public offering of 2,564,500 Units at a price of \$9.00 per Unit. Concurrent with the closing of such public offering, the REIT issued 425,532 Units on a private placement basis to Huntingdon at a price of \$9.40 per Unit pursuant to pre-emptive rights held by Huntingdon under the Exchange Agreement.

As at October 24, 2014, Huntingdon holds an approximate 30.7% effective interest in the REIT through its ownership of the Units and Class B LP Units of FAM LP. See “Principal Holders of Voting Units”. Each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments), is accompanied by one Special Voting Unit of the REIT (which provides for the same voting rights in the REIT as a Unit) and is entitled to receive distributions of cash from FAM LP equal to the distributions that the holder of the Class B LP Unit would have received if it was holding one Unit (subject to customary anti-dilution adjustments) instead of the Class B LP Unit. An aggregate of 2,794,363 Units and 2,316,748 Class B LP Units of the Acquisition Partnership will be issued or delivered, as applicable, to Slate GTA or its designee pursuant to the Acquisition Agreement and, following the completion of the Huntingdon Transaction and the Acquisition, and assuming the subsequent transfer by Slate of 2,794,363 Units to Incore pursuant to the Incore Transfer, it is expected that Slate (together with its Affiliates) will hold an approximate 34.4% effective interest in the REIT through the ownership of, or the control or direction over, 1,648,278 Units, 5,293,880 Class B LP Units and the accompanying 5,293,880 Special Voting Units.

In addition, Huntingdon is, and if the Huntingdon Transaction is completed, Slate will be, entitled to certain pre-emptive rights to maintain its pro rata ownership interest in the REIT and its subsidiaries, “piggy back” registration rights with respect to public offerings by the REIT, board nomination rights and certain limited approval rights, and such rights are based on ownership thresholds in the REIT (calculated based on the number of Units assuming that all Class B LP Units are redeemed for Units). See “Arrangements with Huntingdon and Slate”. The Management Agreement, the Amended Management Agreement, the Exchange Agreement and the ROFO Agreement can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **ADDITIONAL INFORMATION**

Additional information relating to the REIT may be found by visiting the REIT’s website at [www.FAMREIT.com](http://www.FAMREIT.com). In addition, more information, including additional financial information which is provided in the REIT’s audited consolidated financial statements and management’s discussion and analysis for the REIT’s most recently completed financial year, and any documents, or sections of documents, as applicable, incorporated by reference into this Circular, can be found on SEDAR by visiting [www.sedar.com](http://www.sedar.com).

Unitholders may contact the REIT to request a copy of the REIT’s audited consolidated financial statements and management’s discussion and analysis for its most recently completed financial year or any documents incorporated by reference into this Circular. Any such request should be made to the Chief Financial Officer of the REIT at 5000 Miller Road, Suite 2000, Richmond BC, V7B 1K6, and fax number (604) 249-5101.

### **APPROVAL OF THE TRUSTEES**

The contents and the sending of this Circular have been approved by the Board of Trustees of the REIT.

DATED as of October 30, 2014.

### **BY ORDER OF THE BOARD OF TRUSTEES**

(Signed) *Gary Samuel*  
*Trustee*

**CONSENT OF ALTUS GROUP LIMITED**

**To: The Board of Trustees of FAM Real Estate Investment Trust (the “REIT”)**

Dear Sirs/Mesdames:

**Re: FAM Real Estate Investment Trust (the “REIT”) – Information Circular of the REIT dated October 30, 2014 (the “Circular”)**

We refer to the formal valuations prepared by our firm each dated September 1, 2014 (the “**Valuations**”) in respect of the Acquisition Properties (as defined in the Circular) referred to in the Circular, which we prepared for the Special Committee of the Board of Trustees of the REIT in connection with the Acquisition (as defined in the Circular).

We hereby consent to the filing of the Valuations with the securities commissions (and other applicable securities regulatory authorities) in each of the Provinces and Territories of Canada, the inclusion of a summary of the Valuations in the Circular, and reference to our name and to our independent estimate of fair market value of the Acquisition Properties included in the Circular.

Toronto, Ontario

October 30, 2014

(signed) *Altus Group Limited*

**CONSENT OF TD SECURITIES INC.**

**To: The Board of Trustees of FAM Real Estate Investment Trust (the “REIT”)**

We refer to the fairness opinion of our firm dated October 29, 2014 (the “**Fairness Opinion**”) attached as Schedule “A” to the information circular dated October 30, 2014 (the “**Circular**”) of the REIT, which we prepared for the special committee (the “**Special Committee**”) of the Board of Trustees of the REIT in connection with the Acquisition (as defined in the Circular).

We hereby consent to the references in the Circular to our firm name and to the Fairness Opinion, and to the inclusion of the text of the Fairness Opinion therein. In providing our consent, we do not permit any person other than the Special Committee and the Board of Trustees of the REIT to rely upon our opinion.

Toronto, Ontario

October 30, 2014

(signed) *TD Securities Inc.*

**SCHEDULE “A”**

**Fairness Opinion**



**TD Securities**  
TD Securities Inc.  
66 Wellington Street West  
TD Bank Tower, 9th Floor  
Toronto, Ontario M5K 1A2

October 29, 2014

The Special Committee of the Board of Trustees  
FAM Real Estate Investment Trust  
2000-5000 Miller Road  
Richmond, British Columbia  
V7B 1K6

To the Special Committee of the Board of Trustees:

TD Securities Inc. ("TD Securities") understands that FAM Real Estate Investment Trust (the "REIT") is considering entering into an agreement (the "Acquisition Agreement") with Slate GTA Suburban Office Inc. ("Slate GTA"), an affiliate of Slate Properties Inc. (Slate Properties Inc. and its affiliates are collectively referred to as "Slate"), to effect a transaction (the "Transaction") pursuant to which the REIT would acquire a portfolio of seven office properties (the "Slate Office Properties") for aggregate consideration consisting of: (i) \$144.0 million in cash (the "Cash Consideration"); and (ii) 2,794,363 trust units of the REIT ("Units") and 2,316,748 Class B LP Units of a subsidiary limited partnership of the REIT ("Class B LP Units"), each of which is economically equivalent to and exchangeable for a Unit, and the 2,316,748 Special Voting Units of the REIT ("SV Units") accompanying such Class B LP Units, which will provide holders thereof with voting rights in respect of the REIT (collectively, the "Non-Cash Consideration" and, together with the Cash Consideration, expressed herein as the "Consideration").

TD Securities also understands that Slate Capital Corporation, an affiliate of Slate Properties Inc, has entered into an arrangement agreement with Huntingdon Capital Corp. ("Huntingdon") to acquire all the outstanding securities of Huntingdon (the "Huntingdon Transaction"). Huntingdon is currently the external asset manager for the REIT and holds an approximate 30.7% effective interest in the REIT through the ownership of, or the control or direction over, 1,648,278 Units, 2,977,132 Class B LP Units and the accompanying 2,977,132 SV Units. Following the completion of the Huntingdon Transaction, and after giving effect to the issuance of the Non-Cash Consideration to Slate pursuant to the Transaction, TD Securities also understands that it is expected that Slate will transfer the 2,794,363 Units issued or issuable to it to Incore Equities Inc. ("Incore") (or may direct the REIT to issue and deliver such Units directly to Incore), in connection with the satisfaction of certain rights of Incore relating to, among other things, the Slate Office Properties (the "Incore Transfer"). Accordingly, following the completion of each of the Huntingdon Transaction, the Transaction and the Incore Transfer, it is expected that Slate (together with its affiliates) would hold an approximate 34.4% effective interest in the REIT through the ownership of, or the control or direction over, 1,648,278 Units, 5,293,880 Class B LP Units and the accompanying 5,293,880 SV Units, and Incore will hold an approximate 13.8% effective interest in the REIT through the ownership of, or the control or direction over, 2,794,363 Units. In connection with the Huntingdon Transaction, the REIT has entered into an amended and restated management agreement with Huntingdon (the "Management Agreement") which will be assumed by Slate pursuant to, and following completion of, the Huntingdon Transaction. Closing of the Transaction is conditional on, among other things, the closing of the Huntingdon Transaction. TD Securities understands that the Transaction constitutes a "related party transaction" under Multilateral Instrument 61-101 ("MI 61-101") of the Ontario Securities Commission and the Québec Autorité des marchés financiers.

The above description is summary in nature. The specific terms and conditions of the Transaction will be more fully described in the REIT's notice of special meeting and information circular (the "Circular"), which is to be mailed to holders of Units and SV Units (collectively, "Unitholders") in connection with the Transaction.

TD Securities understands that the Board of Trustees of the REIT (the "Board") has established a committee (the "Special Committee") to consider, among other things, the Transaction and to make recommendations to the Board.

#### **ENGAGEMENT OF TD SECURITIES**

On February 19, 2014, Huntingdon announced a strategic review process (the "Huntingdon Strategic Review"). In response to the Huntingdon Strategic Review, the Board established the Special Committee to evaluate the impact of the Huntingdon Strategic Review on the REIT. The Special Committee initially contacted TD Securities to evaluate

and advise the Special Committee regarding a number of outcomes that could result from the Huntingdon Strategic Review and potential options that may be available to the REIT. TD Securities was formally engaged by the Special Committee pursuant to an engagement agreement effective March 24, 2014 (the “Engagement Agreement”).

Pursuant to the Engagement Agreement, the Special Committee has asked TD Securities to provide advice and assistance to the Special Committee in evaluating the Transaction and to prepare and deliver to the Special Committee an opinion (the “Opinion”) regarding the fairness, from a financial point of view, of the Consideration to be paid to Slate pursuant to the Acquisition Agreement. The Opinion has been prepared in accordance with the applicable Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”), but IIROC has not been involved in the preparation or review of this Opinion. TD Securities has not prepared a valuation of the Slate Office Properties, or the REIT, or any of their securities or assets and the Opinion should not be construed as such.

The terms of the Engagement Agreement provide that TD Securities will receive a fee for its services, a portion of which is payable on delivery of the Opinion and a portion of which is contingent on the successful completion of the Transaction, and will be reimbursed for its reasonable out-of-pocket expenses. Furthermore, the REIT has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement.

On October 29, 2014, TD Securities orally delivered the Opinion to the Special Committee based upon and subject to the scope of review, assumptions and limitations and other matters described herein and contemplated by the Engagement Agreement. This Opinion provides the same opinion, in writing, as that given orally by TD Securities on October 29, 2014. Subject to the terms of the Engagement Agreement, TD Securities consents to the inclusion of the Opinion, in its entirety, in the Circular, along with a summary thereof, in a form acceptable to TD Securities, and to the filing thereof by the REIT with the applicable Canadian securities regulatory authorities.

#### **CREDENTIALS OF TD SECURITIES**

TD Securities is one of Canada’s largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies in various industry sectors and has extensive experience in preparing valuations and fairness opinions.

The Opinion represents the opinion of TD Securities and its form and content have been approved by a committee of senior investment banking professionals of TD Securities, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

#### **RELATIONSHIP WITH INTERESTED PARTIES**

Neither TD Securities nor any of its affiliated entities (as such term is defined in MI 61-101) is an issuer insider, associated entity or affiliated entity (as those terms are defined in MI 61-101) of the REIT, Slate, Huntingdon or any of their respective associated entities or affiliated entities (collectively, the “Interested Parties”). TD Securities understands that as of October 24, 2014, TD Asset Management Inc. (“TDAM”), as investment manager for mutual fund, pooled fund, pension fund and other client accounts, reported control or direction over 1,151,900 Units, assuming the exercise of warrants held by TDAM, representing approximately 9.72% of the outstanding Units based on an Alternative Monthly Report filed on October 24, 2014 under National Instrument 62-103 (The Early Warning Reporting System). TD Securities also understands that prior to that report, as of August 30, 2013, TDAM, as investment manager for mutual fund, pooled fund, pension fund and other client accounts, reported control or direction over 1,468,900 Units, assuming the exercise of warrants held by TDAM, representing approximately 14.62% of the outstanding Units as at that time based on an Alternative Monthly Report filed on September 9, 2013 under National Instrument 62-103. TDAM and TD Securities are affiliated entities for purposes of MI 61-101. Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties in connection with the Transaction other than to the REIT pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of the REIT or any other Interested Party, and have not had a material financial interest in any transaction involving the REIT or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted in respect to the engagement of TD Securities by the Special Committee, other than services provided under the Engagement Agreement and as described herein. TD Securities acted as a lead underwriter for the REIT's \$58.8 million initial public offering of Units on December 28, 2012, the REIT's \$23.1 million public offering of Units on August 2, 2013, and the REIT's \$17.3 million public offering of Units on May 13, 2014.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Transaction, the REIT or any other Interested Party.

The fees paid to TD Securities in connection with the foregoing activities, together with the fees payable to TD Securities pursuant to the Engagement Agreement are not financially material to TD Securities. No understandings or agreements exist between TD Securities and the REIT or any other Interested Party with respect to future financial advisory or investment banking business. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the REIT, or any other Interested Party. The Toronto-Dominion Bank ("TD Bank"), through one or more affiliates, is a lender to the REIT pursuant to (i) the \$17.0 million revolving credit facility of the REIT, (ii) debt mortgage financing for the purchase of the REIT's Promontory property on August 14, 2013, in the amount of \$23.0 million, and (iii) debt financing for the purchase of the REIT's 4211 Yonge Street property on May 1, 2013, in the amount of a \$25.0 million first mortgage, and provides, and may continue to provide in the future, in the ordinary course of its business, banking services to the REIT or any other Interested Party.

#### **SCOPE OF REVIEW**

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. a draft of the Circular dated October 28, 2014;
2. a draft of the Acquisition Agreement dated October 26, 2014, between FAM Management Limited Partnership, Slate Capital Corporation and Slate GTA;
3. the Management Agreement dated August 12, 2014, between the REIT and Huntingdon;
4. Huntingdon's Management Information Circular dated August 29, 2014;
5. the arrangement agreement dated August 12, 2014, between Huntingdon and Slate Capital Corporation with respect to the Huntingdon Transaction;
6. audited annual financial statements of the REIT and management's discussion and analysis related thereto for the twelve month period ended December 31, 2013, and the partial year from August 27, 2012 to December 31, 2012;
7. the annual report of the REIT for the year ended December 31, 2013;



8. unaudited interim financial statements of the REIT and management's discussion and analysis related thereto for the six month periods ended June 30, 2014 and 2013;
9. the annual information forms of the REIT for the years ended December 31, 2013 and 2012;
10. notice of annual meeting and management information circular of the REIT dated April 21, 2014;
11. final long form prospectus of the REIT regarding its initial public offering of Units dated December 17, 2012;
12. final short form prospectuses of the REIT regarding its public offerings of Units dated May 5, 2014 and July 26, 2013;
13. operational information of the REIT including: rent rolls, lease expiry schedules, 2014 estimated net operating income budget by property, and additional lease term and net rent information by property;
14. Q1 rent rolls dated September 2014 for the Slate Office Properties;
15. property budgets for the year ended December 31, 2014, capital expenditure reports including historical and forecast data from 2013 to 2018, and amortization schedules related to capital expenditures including historical and forecast data from 2007 to 2026 for the Slate Office Properties;
16. property surveys of the Slate Office Properties;
17. lease activity reports of the Slate Office Properties, including specific lease terms achieved historically and proposed for future periods;
18. Phase I environmental site assessments ("ESA") dated December 2012 and updated ESAs as of October 2014 for the Slate Office Properties, including a Phase II assessment of the Woodbine Complex;
19. building condition assessments dated December 2012 and January 2013 and updated assessments as of September and October 2014 for the Slate Office Properties;
20. the appraisals of the Slate Office Properties prepared by Cushman & Wakefield dated April 1, 2014, and December 1, 2013;
21. the appraisals of the Slate Office Properties prepared by Altus Group dated September 1, 2014;
22. site visits to the Slate Office Properties;
23. discussions with senior management of Slate with respect to the information referred to above, the Incore Transfer and other issues considered relevant;
24. discussions with the members of the Special Committee with respect to the information referred to above and other issues considered relevant;

25. discussions with representatives of Blake, Cassels & Graydon LLP, legal counsel to the Special Committee;
26. representations contained in certificates dated as of October 27, 2014, from the Chief Financial Officer of the REIT and the Chairman of the Special Committee to the Board of Trustees of the REIT, and a certificate dated as of October 28, 2014, from the Chief Executive Officer of the REIT as to the completeness and accuracy of the information upon which the Opinion is based;
27. representations contained in a certificate dated as of October 27, 2014 from a senior officer of Slate GTA as to the completeness and accuracy of the information upon which the Opinion is based;
28. various research publications prepared by industry and equity research analysts regarding the REIT and other selected public companies considered relevant;
29. public information relating to the business, operations, financial performance and market trading history of the REIT and other selected public companies considered relevant;
30. public information with respect to certain other transactions of a comparable nature considered relevant; and
31. such other corporate, industry and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

#### **PRIOR VALUATIONS**

Senior officers of the REIT, on behalf of the REIT, have represented to TD Securities that there have been no valuations or appraisals relating to the REIT or any subsidiary or any of their respective material assets, or material liabilities made in the preceding 24 months and in the possession or control of the REIT other than those which have been provided to TD Securities or, in the case of valuations known to the REIT which it does not have within its possession or control, notice of which has not been given to TD Securities.

The Chairman of the Special Committee, on behalf of the REIT, has represented to TD Securities that there have been no valuations or appraisals relating to the REIT, the Slate Office Properties, or any of their respective affiliates or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of the REIT other than those which have been provided to TD Securities or, in the case of valuations known to the REIT which it does not have in its possession or control, notice of which has not been given to TD Securities.

A senior officer of Slate GTA, on behalf of Slate GTA, has represented to TD Securities that there have been no valuations or appraisals relating to the Slate Office Properties made in the preceding 24 months and in the possession or control of Slate GTA or its affiliates other than those which have been provided to the REIT or TD Securities or, in the case of valuations known to Slate GTA or its affiliates which it does not have within its possession or control, notice of which has not been given to the REIT or TD Securities.

#### **ASSUMPTIONS AND LIMITATIONS**

With the Special Committee's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation in all material respects of all financial and other data and information filed by the REIT with securities regulatory or similar authorities (including on the System for Electronic Document Analysis and Retrieval ("SEDAR")), provided to it by or on behalf of the REIT, Slate or their respective representatives in respect of the REIT or Slate, and/or their respective affiliates, or otherwise obtained by TD Securities, including the certificates identified above (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation in all material respects of the

Information. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses were prepared using the assumptions identified therein which TD Securities has been advised by the REIT, Slate and/or their respective affiliates are (or were at the time of preparation and continue to be) reasonable in the circumstances. TD Securities expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

The Chief Financial Officer and the Chief Executive Officer of the REIT, on behalf of the REIT, have represented to TD Securities in certificates dated October 27, 2014 and October 28, 2014, respectively that, to the best of their knowledge, information and belief after due and reasonable inquiry, with the intention that TD Securities may rely thereon in connection with the preparation of the Opinion: (i) they are authorized by the REIT to give the representations and warranties contained therein and have knowledge and have made all reasonable inquiries as to the matters contained therein; (ii) they have no information or knowledge of any facts, public or otherwise, not specifically provided to TD Securities relating to the REIT which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (iii) the Information as filed under the REIT's profile on SEDAR, as amended or supplemented from time to time, and the Information provided to TD Securities is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iv) to the extent that any of the Information identified in subparagraph (iii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities and there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the REIT, and no material change has occurred in the Information or any part thereof, which would have or which would reasonably be expected to have a material effect on the Opinion; (v) any portions of the Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the best available assumptions, estimates and judgments of the management of the REIT, which, in the reasonable opinion of the REIT, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (vi) there have been no valuations or appraisals relating to the REIT or any subsidiary or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of the REIT other than those which have been provided to TD Securities or, in the case of valuations known to the REIT which it does not have within its possession or control, notice of which has not been given to TD Securities; (vii) there have been no bona fide verbal or written offers or serious negotiations for or transactions involving any material property of the REIT or any of its subsidiaries during the preceding 24 months that have not been disclosed to TD Securities. For the purposes of (vi) and (vii), "material assets", "material liabilities" and "material property" shall include assets, liabilities and property of the REIT or its subsidiaries having a gross value greater than or equal to \$10,000,000); (viii) since the dates on which the Information was provided to TD Securities (or filed on SEDAR), no material transaction has been entered into by the REIT or any of its subsidiaries; (ix) other than as disclosed in the Information, neither the REIT nor any of its subsidiaries has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Transaction, the REIT or any of its subsidiaries at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect the REIT or its subsidiaries; (x) all Information, including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of the REIT, as applicable; (xi) there is no plan or proposal for any material change (as defined in the *Securities Act* (Ontario)) in the affairs of the REIT which has not been disclosed to TD Securities; and (xii) they have no knowledge of any facts not contained in or referenced in the Information provided to TD Securities which would reasonably be expected to affect the Opinion including the assumptions used, the scope of the review undertaken or the conclusions reached by TD Securities.

The Chairman of the Special Committee, on behalf of the REIT, has represented to TD Securities in a certificate dated October 27, 2014 that, to the best of his knowledge, information and belief after due and reasonable inquiry with the Chief Financial Officer of the REIT, with the intention that TD Securities may rely thereon in connection with the preparation of the Opinion: (i) he is authorized by the REIT to give the representations and warranties contained therein and has knowledge and has made the reasonable inquiries noted above as to the matters contained therein; (ii) he has no information or knowledge of any facts public or otherwise not specifically provided to TD Securities related to the REIT or the Slate Office Properties which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (iii) the Information as filed under the REIT's profile on SEDAR and/or provided to TD Securities by or on behalf of the REIT or its representatives in respect of the REIT and its subsidiaries and/or the Slate Office Properties and/or in connection with the Transaction, as amended or supplemented from time to time, is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iv) to the extent that any of the Information identified in subparagraph (iii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities and there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the REIT or the Slate Office Properties and no material change has occurred in the Information or any part thereof, which would have or which would reasonably be expected to have a material effect on the Opinion; (v) any portions of the Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the best available assumptions, estimates and judgments of the management of the REIT, which, in the reasonable opinion of the REIT, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (vi) there have been no valuations or appraisals relating to the REIT, the Slate Office Properties or any of their respective affiliates or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of the REIT other than those which have been provided to TD Securities or, in the case of valuations known to the REIT which it does not have within its possession or control, notice of which has not been given to TD Securities; (vii) there have been no bona fide verbal or written offers or serious negotiations for or transactions involving any material property of the REIT or its affiliates during the preceding 24 months that have not been disclosed to TD Securities. For the purposes of (vi) and (vii), "material assets", "material liabilities" and "material property" shall include assets, liabilities and property of the REIT or its affiliates having a gross value greater than or equal to \$10,000,000; (viii) since the dates on which the Information was provided to TD Securities (or filed on SEDAR), no material transaction has been entered into by the REIT or any of its affiliates; (ix) other than as disclosed in the Information, neither the REIT nor any of its affiliates, nor the Slate Office Properties has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Transaction, the REIT or any of its affiliates, or the Slate Office Properties at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect the REIT or its affiliates, or the Slate Office Properties, or the Transaction; (x) all Information including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of the REIT, in the case of Information relating to the REIT (except as otherwise disclosed to TD Securities); (xi) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Transaction, except as have been disclosed to TD Securities; (xii) the contents of any and all documents prepared in connection with the Transaction (other than the information provided by or on behalf of Slate Properties) for filing with regulatory authorities or delivery or communication to securityholders of the REIT (collectively, the "Disclosure Documents") have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the *Securities Act* (Ontario)) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (xiii) the REIT has complied in all material respects with the Engagement Agreement; (xiv) there is no plan or proposal for any material change (as defined in the *Securities Act* (Ontario)) in the affairs of the REIT or the Slate Office Properties which has not been disclosed to TD Securities; and (xv) he has no knowledge of any facts not contained in or referenced in the information provided to TD Securities which would reasonably be expected to affect the Opinion, including the assumptions used, the scope of review undertaken or the conclusions reached by TD Securities.

A senior officer of Slate GTA, on behalf of Slate GTA, have represented to TD Securities in a certificate dated October 27, 2014 that, to the best of his knowledge, information and belief after due and reasonable inquiry, with the intention that TD Securities may rely thereon in connection with the preparation of the Opinion: (i) he is authorized by Slate GTA to give the representations and warranties contained therein and has knowledge and has made reasonable inquiries as to the matters contained therein; (ii) Slate has no information or knowledge of any facts, public or otherwise, not specifically provided to the REIT or TD Securities relating to the Slate Office Properties which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (iii) the Information as provided to the REIT or TD Securities by or on behalf of Slate GTA or its representatives in respect of the Slate Office Properties and in connection with the Transaction is or, in the case of historical Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Information not misleading in the light of circumstances in which it was presented; (iv) to the extent that any of the Information identified in subparagraph (iii) above is historical, there have been no changes in any material facts or new material facts since the representative dates thereof which would have not been disclosed to the REIT or TD Securities or updated by more current information not provided to the REIT or TD Securities by Slate GTA and there has been no material change, financial or otherwise in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Slate Office Properties and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion; (v) any portions of the Information provided to the REIT or TD Securities which constitute forecasts, projections or estimates were prepared using the best available assumptions, estimates and judgments, which, in the reasonable opinion of Slate GTA, are (or were at the time of preparation and continue to be, unless indicated otherwise to the REIT or TD Securities) reasonable in the circumstances; (vi) there have been no valuations or appraisals relating to the Slate Office Properties made in the preceding 24 months and in the possession or control of Slate or its affiliates other than those which have been provided to the REIT or TD Securities or, in the case of valuations known to Slate GTA or its affiliates which it does not have within its possession or control, notice of which has not been given to the REIT or TD Securities. For purposes of this subparagraph (vi), "material assets" and "material liabilities" shall include assets and liabilities that are part of the Slate Office Properties having a gross value greater than or equal to \$10,000,000; (vii) since the dates on which the Information was provided to the REIT or TD Securities, no undisclosed material transaction has been entered into by Slate GTA in connection with the Slate Office Properties; (viii) other than as disclosed in the Information, there are no material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Transaction or the Slate Office Properties at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect the Slate Office Properties; and (iv) there is no plan or proposal for any material change (as defined in the *Securities Act* (Ontario)) in the affairs of Slate GTA that would affect the value of the Slate Office Properties which has not been disclosed to the REIT or TD Securities.

In preparing the Opinion, TD Securities has made several assumptions, including that all final or executed versions of agreements and documents will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to the consummation of the Transaction can and will be satisfied, that the Incore Transfer will be completed and that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Transaction will be obtained in a timely manner, in each case without adverse condition, qualification, modification or waiver, that all steps or procedures being followed to implement the Transaction are valid and effective and comply in all material respects with all applicable laws and regulatory requirements, that all required documents (including the Circular) have been or will be distributed to Unitholders in accordance with applicable laws and regulatory requirements, and that the disclosure in such documents is or will be complete and accurate in all material respects and such disclosure is or will comply in all material respects with the requirements of all applicable laws and regulatory requirements. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of TD Securities, the REIT, Slate and their respective affiliates or any other party involved in the Transaction. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information and the Opinion is conditional on all such assumptions being correct.



The Opinion has been provided for the exclusive use of the Special Committee and the Board in connection with the Transaction and is not intended to be, and does not constitute, a recommendation as to how any Unitholders should vote with respect to the Transaction. The Opinion may not be used or relied upon by any other person or for any other purpose without the express prior written consent of TD Securities. The Opinion does not address the relative merits of the Transaction as compared to other transactions or business strategies that might be available to the REIT, nor does it address the underlying business decision to implement the Transaction or any other term or aspect of the Transaction or the Acquisition Agreement or any other agreements entered into or amended in connection with the Transaction. In considering fairness, from a financial point of view, TD Securities considered the Transaction from the perspective of the REIT generally and did not consider the specific circumstances of the Unitholders or any particular Unitholder, including with regard to income tax considerations. TD Securities expresses no opinion with respect to future trading prices of securities of the REIT. The Opinion is rendered as of October 29, 2014 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of the Slate Office Properties, the REIT and their respective subsidiaries and affiliates as they were reflected in the Information provided to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to change, withdraw, withhold or supplement the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw, withhold or supplement the Opinion after such date. TD Securities is not an expert on, and did not provide advice to the Special Committee regarding, legal, accounting, regulatory or tax matters. The Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities.

The preparation of a fairness opinion, such as the Opinion, is a complex process and is not necessarily susceptible to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

## **OVERVIEW OF THE REIT**

The REIT is a diversified real estate investment trust which owns a portfolio of office, industrial and retail properties throughout Canada, located in Alberta, Saskatchewan, Manitoba, Ontario and the Northwest Territories. The portfolio consists of 28 properties, comprised of 11 industrial, 14 office and 3 retail properties, representing 1.8 million square feet of gross leasable area (“GLA”).

## **OVERVIEW OF THE SLATE OFFICE PROPERTIES**

The Slate Office Properties include seven office properties comprising an aggregate of approximately 1.1 million square feet of GLA which are currently 90.2% leased. The properties are located in submarkets within the Greater Toronto Area, of which three properties are located in Toronto, three properties are located in Mississauga and one property is located in Markham.

## **APPROACH TO FAIRNESS**

TD Securities’ primary methodologies in considering the fairness, from a financial point of view, of the Consideration to be paid by the REIT to Slate pursuant to the Acquisition Agreement, included: (i) a comparison of the Consideration to the results of a discounted cash flow (“DCF”) analysis of the Slate Office Properties (the “Discounted Cash Flow Analysis”); and (ii) a comparison of the price per square foot and capitalization rates (“cap rates”) implied by the Consideration to the comparable metrics implied by comparable precedent transactions (the “Comparable Precedent Transactions Analysis”). TD Securities’ secondary methodology was the consideration of the financial impact of the Transaction on the REIT (the “Financial Impact on the REIT”).

In addition to the foregoing, while TD Securities did not rely on the appraisals prepared by Altus Group and Cushman & Wakefield of the Slate Office Properties (the “Appraisals”) in reaching its conclusion regarding the Opinion, TD Securities did review and consider the Appraisals, among other things, in completing its assessment of

the reasonableness of the assumptions used and relied upon by TD Securities and also considered but did not rely on the fact that the Consideration is consistent with the appraisal value determined by Altus Group as of September 1, 2014, and less than the appraisal values determined by Cushman & Wakefield as of April 1, 2014, and December 1, 2013.

TD Securities also reviewed the increase in Slate's ownership from approximately 30.7% to 34.4%, as a result and assuming the completion of the Transaction and the Incore Transfer and the corresponding impact on the control of the REIT. Giving consideration to Slate's ownership after the completion of the Huntingdon Transaction, that there will be no change to the Management Agreement and that there will be no change in Slate's governance rights with respect to the REIT, TD Securities determined that there will be no material change in the control of the REIT as a result of the Transaction.

### **Discounted Cash Flow Analysis**

TD Securities utilized a DCF approach to assess the Slate Office Properties. The DCF approach reflects the growth prospects and risks inherent in each property by taking into account the amount, timing and relative certainty of projected unlevered free cash flows expected to be generated by the properties. The possibility that some of the assumptions will prove to be inaccurate is one factor involved in the determination of the discount rates to be used in establishing a range of values. TD Securities' DCF analysis of the Slate Office Properties involved discounting to a present value the projected unlevered free cash flows, including a terminal value, utilizing appropriate discount rates.

As a basis for the development of the cash flows required for this analysis, TD Securities utilized 10-year unlevered cash flow projections provided by Slate for each property. TD Securities reviewed the underlying assumptions in comparison to industry research reports, the Appraisals and other sources considered relevant and made adjustments where considered appropriate in order to develop a base case cash flow projection (the "TD Securities Base Case"). The adjustments were made primarily to occupancy, market rents, rent escalation and growth rates, lease renewal probabilities, time required to secure a new tenant, property management fees and other revisions considered appropriate.

The following is a summary of the TD Securities Base Case forecast for the Slate Office Properties:

<i>In C\$mm</i>	<b>Forecast for the Year Ending, December 31<sup>st</sup></b>										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Term. Year
Net Operating Income	13.1	13.8	15.1	15.6	15.0	15.7	16.4	16.8	17.1	17.5	17.6
Less: Capex	1.1	1.2	2.1	0.5	1.3	1.3	1.0	0.9	3.0	–	
Less: Leasing Costs	3.1	3.2	1.2	0.9	3.6	2.8	1.9	1.4	1.4	1.8	
Free Cash Flow	8.9	9.4	11.8	14.2	10.0	11.6	13.5	14.5	12.7	15.7	

In completing its DCF analysis, TD Securities did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses using the TD Securities Base Case forecast. Variables sensitized included occupancy rates, rental rates, discount rates and lease renewal probability. The results of these analyses are reflected in TD Securities' judgment as to the fairness of the Consideration from a financial point of view.

TD Securities selected appropriate discount rates and terminal value cap rates applied to net operating income for each property based on precedent private market transactions and TD Securities' knowledge of current real estate pricing parameters.

The following is a summary of the discount rates and terminal cap rates selected by TD Securities and applied to the TD Securities Base Case forecast for the Slate Office Properties.

	<b>Low</b>	<b>High</b>
<b>Discount Rates</b>	7.50%	8.25%
<b>Terminal Cap Rates</b>	7.25%	7.50%

### Comparable Precedent Transactions Analysis

TD Securities reviewed ten precedent transactions that occurred in the last 19 months involving office properties in similar geographical locations for which there was sufficient public information to derive valuation metrics. TD Securities considered the price per square foot and the cap rate implied by the purchase price to be the primary valuation metrics when considering precedent transactions.

The following is a summary of the valuation metrics implied by the precedent transactions:

<i>In C\$mm, except price / sq. foot amounts</i>		<b>Purchase</b>	<b>Implied</b>	<b>Implied</b>
<b>Date</b>	<b>Property</b>	<b>Price</b>	<b>Price / Sq. Foot</b>	<b>Cap Rate</b>
Jun-2014	1500 Don Mills Rd, North York .....	\$39.0	\$138	9.39%
Mar-2014	50 Acadia Avenue, Markham .....	\$8.1	\$133	6.50%
Feb-2014	30 East Beaver Creek Rd, Richmond Hill ....	\$7.6	\$161	5.76%
Jan-2014	2475 Skymark Ave, Mississauga .....	\$3.9	\$172	7.03%
Jan-2014	5090 Orbitor Dr, Mississauga .....	\$7.7	\$203	7.09%
Jan-2014	5205 Satellite Dr, Mississauga .....	\$14.1	\$226	6.56%
Dec-2013	3125 Steeles Ave, North York .....	\$172.3	\$269	5.92%
Jun-2013	4950 Yonge St, North York .....	\$134.0	\$310	5.80%
May-2013	4211 Yonge St, Toronto .....	\$43.0	\$254	7.18%
Mar-2013	1270 Central Pky W, Mississauga .....	\$71.1	\$211	7.02%
<b>Average</b>			<b>\$208</b>	<b>6.83%</b>
<b>Median</b>			<b>\$207</b>	<b>6.79%</b>

### Consideration Analysis

In assessing the value of the Consideration to be paid to Slate pursuant to the Transaction, TD Securities considered: (i) the historical market trading value of the Units; and (ii) a net asset value (“NAV”) analysis of the REIT.

### **Historical Market Trading Value**

TD Securities reviewed the historical trading prices and volumes of the Units on the Toronto Stock Exchange over various periods of time prior to the announcement of the Huntingdon Transaction on August 11, 2014 (the “Unaffected Unit Price”). As shown in the table below, such review included among other things, TD Securities’ analysis of the volume weighted average trading price over various periods ended August 11, 2014 and the corresponding average daily trading volume.

TD Securities also adjusted the Unaffected Unit Price for the performance of the S&P/TSX Capped REIT Index from August 12, 2014 to October 28, 2014, which resulted in a per Unit price of \$8.83 (the “Adjusted Unit Price”).

Based on the foregoing, TD Securities calculated the implied value of the Consideration and the corresponding valuation metrics, as shown in the summary below:

	<b>TSX</b>		<b>Implied Value of Consideration</b>	<b>Implied Price / Sq. Foot</b>	<b>Implied Cap Rate</b>
	<b>Trading Price</b>	<b>Avg. Daily Trading Vol.</b>			
	<i>(C\$)</i>		<i>(C\$mm)</i>	<i>(\$/Sq. Ft)</i>	<i>(%)</i>
Unaffected Unit Price (Aug-11)	\$8.83	33,980	\$189	\$176	6.94%



	TSX		Implied Value of Consideration	Implied Price / Sq. Foot	Implied Cap Rate
	Trading Price	Avg. Daily Trading Vol.			
	(C\$)		(C\$mm)	(\$/Sq. Ft)	(%)
5 Day Prior Vol. Weighted Avg.	\$8.68	13,433	\$188	\$175	6.97%
10 Day Prior Vol. Weighted Avg.	\$8.67	16,140	\$188	\$175	6.97%
30 Day Prior Vol. Weighted Avg.	\$8.72	13,143	\$189	\$175	6.96%
Adjusted Unit Price	\$8.83	n/a	\$189	\$176	6.94%

The closing Unit price on October 28, 2014 (the “Current Unit Price”) represents a discount to the Adjusted Unit Price, which TD Securities attributed, in part, to the proposed Transaction and the Huntingdon Transaction, and therefore TD Securities did not rely on the Current Unit Price when assessing the value of the Consideration.

### **Net Asset Value Analysis of the REIT**

TD Securities utilized a NAV analysis of the REIT which involves attributing indicative values to each of the REIT’s assets and liabilities, using assumptions and methodologies appropriate in each case, and reflects the different risks, growth prospects and profitability of each of the REIT’s assets and liabilities. The sum of total assets less total liabilities yields the NAV.

TD Securities utilized a direct cap rate approach to assess each of the REIT’s properties due to the generally stable nature of the net operating income resulting from the leases on the properties. Appropriate cap rates were selected and applied to adjusted and normalized 2015 estimated net operating income for each property based on precedent private market transactions and/or TD Securities’ market knowledge of current real estate pricing parameters. The range of the estimated NAV per Unit calculated by TD Securities was consistent with the Unaffected Unit Price and the Adjusted Unit Price.

### **Summary of Assessment of the Consideration**

TD Securities concluded that the DCF approach utilizing the TD Securities Base Case, taking into account the sensitivity analyses as described above, generates results that are consistent with the Consideration.

TD Securities also concluded that the valuation metrics implied by the selected comparable precedent transactions involving office properties in similar geographic locations is consistent with the valuation metrics implied by the Consideration.

### **Financial Impact on the REIT**

The Transaction is expected to be accretive to adjusted funds from operations (“AFFO”) per Unit based on the contemplated post-transaction capital structure under which the REIT’s debt to gross book value will be greater than the REIT’s current debt to gross book value. If the REIT were to maintain its debt to gross book value ratio on a post-transaction basis, the Transaction would be dilutive to AFFO per Unit.

TD Securities also reviewed the price to AFFO multiples of Canadian office real estate investment trusts as the office GLA as a percentage of the REIT’s total GLA is expected to increase from 52.7% to 70.2% as a result of the Transaction. The price to AFFO multiples of Canadian office real estate investment trusts are higher than the Unaffected Unit Price to AFFO multiple of the REIT. TD Securities has considered the foregoing in its evaluation of the Consideration.

**CONCLUSION**

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of October 29, 2014, the Consideration to be paid to Slate pursuant to the Acquisition Agreement is fair, from a financial point of view, to the REIT.

Yours very truly,

A handwritten signature in black ink that reads "TD Securities Inc." in a cursive, flowing script.

**TD SECURITIES INC.**

**QUESTIONS AND REQUESTS MAY BE DIRECTED TO THE REIT'S  
INFORMATION AGENT**



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(416) 304-0211**

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